EUROPE'S BUSINESS NEWSPAPER

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US PRIMARIES

All eyes turn to New Hampshire

Page 4

World News

Shot IRA man had been cleared of gun-running

One of the four IRA men shot dead by the British army after an attack on an Ulster police station had been cleared of gun-running charges in London last year. Page 9

A member of the staff of a Belfast video club was shot dead by a masked man who ran into the shop and opened fire. His death brings to 32 the number of people who have died violently in Ulster this year.

EC moves on Yugoslavia

The European Community sought to manoeuvre itself into a better position to re-start the Yugoslav peace conference, in parallel with the arrival of United Nations forces to keep the peace between Serbs and Croats. Page 2

Ceasefire ignored

Mogadishu, capital of Somalia, was rocked by street battles and mortar bombardments despite a United Nations-sponsored ceasefire. Page 6

Falklands talks

A first round of Anglo-Argentine talks on seismic exploration around the disputed Falkland Islands will take place in Buenos Aires later this month.

Mann gets his CBE

Former Lebanon hostage Jackie Mann, 77, left hospital in Nicosia briefly to receive the insignia of Commander of the Order of the British Empire from Britain's high commissioner to Cyprus.

Abortion refused

The Irish high court granted a full injunction to the attorney-general to stop a 14-year-old alleged rape victim having an abortion in Britain. Abortion is illegal in Ireland.

Jailed for killing

A Portuguese court jailed mechanic Michael Cook, 39, from Southend for 19 years for the kidnapping and killing of a 10-year-old British girl in southern Portugal's Algarve holiday region.

King crashes

Sweden's King Carl Gustaf crashed his car into a fir tree in the world championship Swedish motor rally. He was unhurt.

Seven die in fighting

Fierce fighting between Azerbaijanis and Armenians has erupted over the disputed territory of Nagorno-Karabakh. At least seven people have died.

Jordan could be dry

Jordan's parliament, where the fundamentalist Moslem Brotherhood and its allies form the largest single bloc, will vote tomorrow on whether to ban alcohol.

Philippine rebels kill 38

The Philippine army said that suspected communist rebels, believed to be led by a former priest, had killed 38 soldiers in an ambush.

NF takes the lead

France's rightwing National Front took a strong lead in the first round of voting in a by-election in Nice, confirming indications that it will make large gains in regional elections next month. Page 3

Japan lets Jagger in

Rolling Stones lead vocalist Mick Jagger was finally allowed into Japan. He had spent a day in an airport hotel having been barred from the country because of a 23-year-old drug conviction.

Fieldhouse dies

Lord Fieldhouse, former chief of the UK defence staff, died aged 63. As Admiral Sir John Fieldhouse he was commander in chief, fleet, during the Falklands campaign in 1982.

Business Summary

North Sea oil price falls $1 a barrel after Opec deal

North Sea oil prices fell almost $1 a barrel yesterday amid pessimism on the London market following the insubstantial weekend agreement by the Organisation of Petroleum Exporting Countries (Opec) in Geneva.

The 1m barrels a day (b/d) cut in production agreed by Opec, to about 23m b/d, was smaller than traders had expected and North Sea Brent crude prices dipped from $18.40 to $17.525 a barrel in busy trading. Page 18 and Lex; Kuwait production recovers, Page 32

JAPAN'S industrial output last year grew 2.1 per cent, the slowest pace in five years, the Ministry of International Trade and Industry said, confirming accumulating evidence of a sharp slowdown in the country's economy. Page 18; Tokyo requests urgent trade talks meeting, Page 8

GOLDMAN SACHS: The Russian government said it had hired the US investment bank as advisers to help attract badly needed foreign investment to the country. Page 18

UK government settled a long-running dispute with the European Commission which had blocked the release of about £120m ($217m) in EC funds for Britain's depressed coal-mining regions. Page 18

UNION DISCOUNT, the London discount house, reported a £23.6m ($42.7m) loss in 1991, following disastrous diversifications in the late 1980s and a deterioration of the core discounting business. Page 19; Lex, Page 18

FINA, US subsidiary of Petrofina, the Belgian oil company, is negotiating the formation of a joint venture with the private Saudi Arabian company, Arabian Petroleum. The deal could be worth more than $1bn. Page 19

MAN: New order inflow at the German engineering group fell 14 per cent to DM8.6bn ($5.4bn) in the six months ended December as a result of the world economic slowdown and the slackening of Germany's post-unification jump in demand. Page 19

PERRIER: A court at Nimes, southern France, will today conclude the first in the series of cases which will be critical in determining the outcome of the battle over ownership of the French mineral water company. Page 19

LAUTRO: Sharp practice among life assurance sales agents is rising steeply, according to the self-regulatory body for the UK industry. Page 10

SWEDEN plans an industrial privatisation programme starting this spring whereby some 35 state controlled and partially controlled companies will be transferred to the private sector. Page 20; Peru privatisation, Page 4; Kuwait telecoms sell-off, Page 6

DALGETY, foods and agribusiness company, raised pre-tax profits by 4 per cent to £53.8m ($97.37m) in the six months to December 31, following increases in its share of the snacks and pet-foods markets and gains from corporate rationalisation. Page 20; Lex, Page 18

NEW CAR sales rose modestly in western Europe last month – by an estimated 0.7 per cent to 1.23m. Small declines in Germany and Italy and a further 6 per cent fall in UK sales were offset by a big jump in Spain. Page 2

WM LOW, Scottish supermarket group, alarmed the City by warning that full-year profits would fall below last year's £23.6m. ($42.7m) Page 20; Lex, Page 18

BRAZILIAN government will today announce an acceleration of its programme to lower import tariffs as part of its fight against inflation. Page 8

Lloyd's seeks UK government help in cash crisis

By Richard Lapper, Robert Peston and David Owen in London

TALKS ARE under way between senior figures at Lloyd's of London, government ministers and the Bank of England over measures to ease a liquidity crunch at the insurance market, according to a senior broker involved.

The outcome of these exploratory talks may be a formal request to the Bank of England that it should put pressure on commercial banks to provide loans to hard-pressed Names – the individuals whose assets back underwriting at Lloyd's.

Another possibility would be the setting up of a commercial banking syndicate to lend to the market's central fund which pays those claims that Names are unable to meet.

But the broker said the price of official help may be an end to the system of self-regulation, introduced by the Lloyd's Act of 1982.

A government official said yesterday: "The Bank of England has not yet received a formal request though it would not be surprising if one was made."

The news of the talks coincided with a meeting between 20 and 25 Members of Parliament and peers with Mr David Coleridge, the chairman of Lloyd's. The MPs were concerned about reports of alleged malpractices in the market.

The market's 300 or so syndicates – groups of Names – have been hit by a number of recent heavy claims, including a typhoon in Japan last September. Losses are also continuing to flow in from US pollution and industrial injury awards and a series of catastrophes which shook insurers between 1988 and 1990.

Many commercial banks have withdrawn their credit lines to the insurance market, making it more difficult for syndicates to meet their liabilities.

According to the broker involved in the talks, Lloyd's needs a funding arrangement to meet some £2bn ($3.6bn) in losses which are expected to fall due over the next 18 months. The banks may be asked by the Bank of England to provide funds to shore up the market in the same way they are sometimes pressed by the Bank to provide liquidity to save ailing companies.

However, a Bank official said there was no possibility of it providing funds from its owns resources.

Commenting on expectations that the market's loss for 1989 – not disclosed until later this year – will be £1.35bn, a Lloyd's agent, or syndicate manager, said: "I just don't know where the funds to meet this loss are going to come from."

Lloyd's insists the solvency of the market – ultimately backed by £18bn of assets provided by the market's 22,500 Names – is intact. "Solvency is not an issue, but we do have a shortage of liquid funds," said an official at Lloyd's Corporation, the body which provides regulatory and back-up services to the market.

Lloyd's is also seeking to restore confidence among Names, which has been bruised by recent losses. The number of Names at Lloyd's has fallen by nearly a third over the last four years.

"If you have a confident, liquid market then you have yourself a business", said the broker. "The main issue is not one of regulation," he added, referring to last week's Commons allegations that Lloyd's had permitted insiders to benefit commercially at the expense of outside Names.

However, some of the MPs at yesterday's meeting said they favoured change in the regulatory regime. Lloyd's executives were left "in no doubt whatsoever" that MPs believed that the market needed independent regulation.

US to fund redundant scientists in Russia

By Leyla Boulton in Moscow and David Buchan and Patrick Blum in Lisbon

THE US is to provide $25m for an internationally sponsored "job centre" in Russia for nuclear scientists from the former Soviet Union.

Mr James Baker, US secretary of state, said yesterday, after talks with President Boris Yeltsin in Moscow, that Washington would contribute the money to occupy top scientists who currently earn about Rbs1,200 a month and discourage them from selling their skills abroad.

A joint statement issued with Russia and Germany said the new centre would be "a clearing house for developing, selecting, funding and monitoring projects that would be carried out ... at facilities located in the Russian Federation and other interested Commonwealth states".

"An important focus of projects supported by the centre would be to give weapons scientists and engineers opportunities to redirect their talents to non-military endeavours," the statement said.

The US also offered to supply 25 special rail containers to Russia to transport nuclear warheads back there from other republics.

The European Community immediately gave its backing to the International Science and Technology Centre.

Mr Frans Andriessen, the EC external affairs commissioner, told foreign ministers of the Twelve in Lisbon that the Community had earmarked Ecu50m ($64m) worth of 1991 technical aid for nuclear safety in the CIS, and some of this could still be used for funding the new nuclear "employment exchange" in Russia.

Prof V. Mikhailov, head of the former Soviet Union's military nuclear programme, said last month that 100,000 people were employed making atomic weapons, with 2,000 to 3,000 top people in possession of key nuclear secrets.

Such experts are banned from leaving the country, but this has not allayed western fears that drastic military spending cuts will turn them into atomic mercenaries. Prof Mikhailov said skilled Russians were needed to help dismantle the redundant nuclear weapons; without them, the

Continued on Page 18

Ukraine nears currency accord, Page 2

Goldman Sachs to advise Russia, Page 18

Mourners raise the coffin of Abbas Musawi, the Hizbollah leader killed in an Israeli attack, at his funeral in Beirut

Foreigners advised to quit Beirut

By Hugh Carnegy in Jerusalem and agencies

WESTERN embassies in Beirut yesterday advised the few hundred remaining expatriates to leave the city in case the Israeli killing of Sheikh Abbas Musawi, the Hizbollah leader, prompted renewed attempts by his supporters to kidnap westerners.

Lebanese police said they had tightened security at western embassies and other foreign interests in Beirut.

However, Iran said it expected the kidnappers holding two German hostages to respond "reasonably".

The security warning came as thousands of Lebanese Shia Moslems thronged the streets of south Beirut vowing revenge against Israel and the US for Sunday's attack on the motorcade of Mr Musawi in which his wife, six-year-old son and five bodyguards also died.

"Oh God, wipe Israel and America out of existence," chanted an estimated 50,000-strong crowd, led by Sheikh Mohammed Hussein Fadlallah, the spiritual leader of Hizbollah, which turned out to mourn the death of Sheikh Musawi, secretary-general of the organisation.

Mr Musawi's deputy, Mr Naeem Qassem, told the rally: "Do you think, enemy of God [Israel], that you have won? No, we are waiting for you ... the earth will shake beneath your feet."

In Tehran, Iranian President Ali Akbar Hashemi Rafsanjani said he expected Lebanese kidnappers holding two Germans to react "logically".

"We have told the Lebanese

Continued on Page 18

Editorial comment, Page 16

Bundesbank warning over high steel pay settlement

By Andrew Fisher in Frankfurt

THE GERMAN steelworkers' pay deal should not be used as a yardstick for forthcoming wage settlements, the Bundesbank warned yesterday.

The country's central bank added that moderate wage agreements could help speed economic recovery in east Germany.

Its criticism of the steel settlement strongly suggests that it intends to keep interest rates high in the near future, having raised them by half a point in December. Citing the recent New York meeting of Group of Seven finance ministers and central bankers, it said: "Other countries also see scarcely any scope for Germany at present to ease monetary policy."

In its monthly report the central bank said that unit wage costs in Germany were 7.5 per cent higher in the fourth quarter of last year than in the same period of 1990. Current wage claims of 10 per cent or more contained "considerable risks for growth and employment, as well as for the price climate".

The west German economy had already entered "calmer waters," it added. Gross national product was an estimated 0.5 per cent lower in the fourth quarter of 1991 compared with the third quarter, on a seasonally adjusted basis, and only 1 per cent higher than in the fourth quarter of 1990.

"Nor does the outcome of the wage dispute in the steel industry suggest a reduction of the wage cost burden," the Bundesbank continued. The steel settlement comprised an increase of 5.9 per cent on basic pay and a one-off payment of DM175 ($110.00), which brought it up to 6.35 per cent.

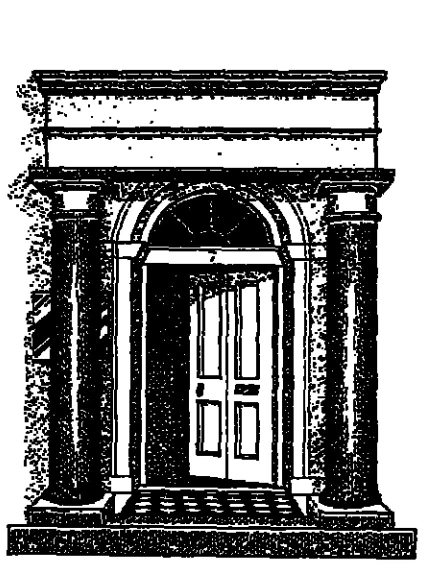
The bank said it viewed the agreement as a carry-over from the 1991 wage round. "But the danger that the steel settlement will be seen as a signal for the next pay round cannot be dismissed."

The Bundesbank has not specified what level of pay increases it envisages, although it has indicated that settlements of between 5 and 6 per cent would be acceptable. Last year's pay deals were around 7 per cent. Both the public sector and banking unions have taken a hard line over their present wage claims and the most important pay talks will come in the engineering industry, whose contract expires at the end of March.

Mr Helmut Schlesinger, president of the Bundesbank, made clear earlier this month that he was unhappy with the steel settlement.

The bank linked its concern about pay to trends in east Germany, where it said economic recovery was making definite progress. While manufacturing output had been assisted by state guarantees for exports to eastern Europe and liquidity transfers from the Treuhand privatisation agency, it said production would have to match market conditions in the long run.

Lex, Page 18



CONTENTS

Economic debate leaves Poland stuck in a political quagmire

Poland, erstwhile standard-bearer for radical economic reform, has run into trouble. The economic debate within the government of Jan Olszewski (left) has led to the resignation of finance minister Karol Lutkowski

Page 16

MARKETS

STERLING
London:
$1.774 (1.7685)
DM2.88 (same)
FFr9.8025 (9.785)
SFr2.585 (same)
Y225.25(266.25)
£ Index 90.8 (same)

GOLD
London:
$354.5 ($354.0)

N SEA OIL (Argus)
Brent 15-day Aug
$17.525 (18.45)

Chief price changes yesterday: Page 19

DOLLAR
The New York markets were closed yesterday for President's Day.

Tokyo close: Y126.93
London:
DM1.623 (1.6285)
FFr5.525 (5.5325)
SFr1.463 (1.4675)
Y126.95 (127.9)
$ Index 63.5 (63.7)

STOCK INDICES
FT-SE 100: Yield 4.84
2,541.0 (+27.1)
FT-A All-Share:
1,216.84 (+0.9%)
FT-SE Eurotrack 100:
1135.65 (+4.87)
FT-A World Index:
145.23 (+0.5)
Tokyo: Nikkei
21,324.98 (+441.12)

LONDON MONEY
3-month Interbank: $10\frac{3}{8}$% ($10\frac{7}{16}$%)
Life long gilt future: Mar $97\frac{23}{32}$ ($97\frac{11}{32}$)

Babic ready to accept peacekeepers but warns about their safety

Krajina leader eases stance on UN troops

By Laura Silber in Belgrade and Judy Dempsey in London

MR MILAN BABIC, president of the self-proclaimed Serb republic of Krajina in south-western Croatia, yesterday softened his stance on the despatch of United Nations peacekeeping troops, saying they would not meet "organised armed resistance". However, he warned that their safety could not be guaranteed.

Speaking in Belgrade, the Serbian capital, Mr Babic said he would accept a decision by the UN Security Council to send 13,000 peacekeepers, but added that "it would be extremely difficult" to disarm the 30,000 Serb reservists and irregulars from Krajina.

"The [Serbian] population of Krajina is not ready to surrender its arms. . . . I cannot be responsible for any incidents that may occur," he said. Krajina's Serb forces should not be disarmed until a political solution to the Yugoslav conflict had been reached.

He rejected some elements of the UN plan on the grounds that it treated Krajina as part of Croatia. But he claimed that Mr Boutros Boutros Ghali, the UN secretary general, had met some of his objections by promising that Krajina would not be placed under Croatian jurisdiction, and that the peacekeepers would stay for at least a year. This could not be confirmed by diplomats.

Mr Franjo Tudjman, Croatia's president, has until recently opposed deployment of peacekeeping troops for fear they will cement the territorial gains made by Serbia and the army which already control nearly a third of his republic.

Even if Mr Babic fully accepts the UN peace plan, Moslem officials in Bosnia-Hercegovina said peace and stability could not be maintained until UN troops were sent to their republic of Moslems, Serbs and Croats.

Bosnian officials said Croatia and Serbia were supporting efforts by Croat and Serb nationalists in Bosnia to divide the republic into districts which would eventually belong to Zagreb and Belgrade.

Mr Rusmir Mahmutcehajic, Bosnia's deputy prime minister, said Bosnian Serb and Croat leaders, backed by the Croatian and Serbian governments, wanted "the republic to be split among territories in which Serbs and Croats have the majority".

A Serbian woman in the village of Mirkovci mourns at the grave of her son killed in the fighting

David Buchan adds from Lisbon: European Community foreign ministers yesterday urged the dispatch of UN peacekeepers to Yugoslavia and the resumption of the EC-sponsored peace conference. But they made no further moves to recognise the independence of more republics, except to offer EC help in supervising a forthcoming referendum in Bosnia-Hercegovina. Greek objections were sufficient to put off any question of recognising Macedonian independence.

The fact that Serbia's President Slobodan Milosevic has recently been constructive, particularly with regard to admitting UN forces, was welcomed, but ministers made clear they wanted further changes before restoring to Serbia economic and trade preferences with the EC.

Rotating environment planned for EC agency

By David Gardner in Brussels

THE European Commission has lost patience with French obstructionism over where to site the European Environment Agency.

The Community decided to set up the agency 20 months ago, but France has refused to agree on its headquarters until Strasbourg is confirmed as the permanent home of the European Parliament.

Senior officials say Brussels is expected tomorrow to announce a provisional plan designed both to get the agency up and running, and force member states to think seriously about a permanent home for what is seen as a vital tool in EC environmental policy.

The Commission will suggest that board meetings of the agency rotate throughout the Twelve along with each six-monthly presidency, but that agency staff and computer services should be sited in Brussels, officials said.

They acknowledged there was resistance both in the Commission and among member states to create more "transient" institutions like the European Parliament itself.

The latter has its plenary sessions in Strasbourg, its committee meetings in Brussels and staff in Luxembourg, under a 10-year-old provisional compromise to constrain competing claims to host it.

But after the last four summits of EC heads of government ducked the issue, the Commission believes further procrastination would badly damage Community credibility in environmental politics, especially in the run-up to the June "earth summit" on global warming in Rio de Janeiro.

Brussels officials hope nevertheless any decision from the Twelve to rotate the agency will be a provisional solution. Competition to host EC institutions will increase as a result of the programme agreed at last December's Maastricht summit to introduce economic and monetary union by 1999 at the latest.

European new car sales rise slightly in January

By Kevin Done, Motor Industry Correspondent

NEW CAR sales rose modestly in western Europe last month – by an estimated 0.7 per cent to 1.23m. Small declines in Germany and Italy, as well as a further 6 per cent fall in UK sales, were offset by a big jump in Spain.

Many of the medium-sized and small European markets also achieved higher sales in January than in the same month a year ago. Sales last month were higher than a year ago in 11 of 17 markets across the region.

In the leading western European markets new car demand fell by an estimated 3.8 per cent in Germany, by 2.4 per cent in Italy and by 6 per cent in Britain, where sales are now in their third year of continuous decline.

In Spain, however, sales have begun to recover strongly. Demand in January was 31.5 per cent higher than the very depressed level a year ago.

The Fiat group, which includes Alfa Romeo, Lancia and Ferrari, was the main loser among the big six volume carmakers in Europe in January. Fiat has been suffering a rapid erosion of market share over the past two years, but last month it was dramatically overtaken by Peugeot (which includes Citroën), General Motors (Saab), and Ford (Jaguar).

Three years ago Fiat was challenging the Volkswagen group for European market leadership; last month it dropped to fifth from second place a year ago.

Fiat is still dangerously dependent on its domestic market, where it has come under heavy attack, particularly from Ford. Its share of the Italian market slipped again in January to 43.6 per cent from 47 per cent a year ago.

The Fiat group will also come under increasing pressure from Japanese carmakers in the Italian market. Italy has previously been largely sealed off from Japanese competition as direct vehicle imports from Japan have been limited to very small volumes. However, Nissan in particular has started to make inroads into the Italian market – from a very small base – with car exports from its UK plant.

By the end of the year Honda and Toyota will also have started production at their first European car plants, which are both located in Britain.

By contrast to Fiat's demise the Peugeot group of France is staging a strong recovery and in January it took over second place in the west European car sales league from Fiat.

It achieved the fastest sales volume growth with a jump of 9 per cent and boosted its share to 12.7 per cent from 11.7 per cent a year ago.

WEST EUROPEAN NEW CAR REGISTRATIONS
January 1992

	Volume (Units)	Volume Change(%)	Share (%) January 92	Share (%) January 91
TOTAL MARKET	1,229,000	+0.7	100.0	100.0
MANUFACTURERS:				
Volkswagen**(incl. Audi,SEAT&Skoda)	202,000	+8.1	16.4	15.3
Peugeot (incl. Citroen)	156,000	+9.0	12.7	11.7
General Motors (Opel/Vauxhall, US# & Saab)	155,000	−0.3	12.6	12.7
– Opel/Vauxhall	149,000	−0.1	12.1	12.2
– Saab**	5,000	−1.9	0.4	0.4
Ford (Europe, US# & Jaguar)	151,000	−1.4	12.3	12.6
– Ford Europe	150,000	−1.2	12.2	12.4
– Jaguar	1,000	−29.9	0.1	0.1
Fiat (incl.Lancia, Alfa Romeo,Ferrari Innocenti,Maserati)	150,000	−9.8	12.2	13.6
Renault††	128,000	+3.0	10.4	10.2
Mercedes-Benz	41,000	−15.2	3.3	4.0
BMW	41,000	+28.8	3.3	2.6
Nissan	37,000	+0.7	3.0	3.0
Rover†	28,000	−25.7	2.3	3.1
Toyota	26,000	−5.5	2.1	2.2
Mazda	22,000	−17.0	1.8	2.2
Volvo††	21,000	+2.8	1.7	1.7
Honda†	14,000	+7.8	1.1	1.1
Mitsubishi	12,000	−22.7	1.0	1.2
Total Japanese	131,000	−5.3	10.7	11.3
MARKETS:				
Germany	308,000	−3.8	25.0	26.2
Italy	235,000	−2.4	19.1	19.7
France	180,000	+0.1	14.8	14.7
United Kingdom	154,000	−6.0	12.5	13.4
Spain	86,000	+31.5	7.0	5.4

#Cars imported from US and sold in western Europe.
**VW holds 31 per cent and management control of Skoda.
**GM holds 50 per cent and management control of Saab Automobile.
†Honda holds a 20 per cent stake in Rover vehicle operations.
††Renault and Volvo are linked through minority cross-shareholdings.
Source: Industry estimates

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Ukraine nears accord on currency

By David Gardner

RUSSIA and Ukraine reached provisional agreement yesterday on how a Ukrainian currency could be introduced without disrupting the rouble zone.

The agreement between senior officials from both republics could signal a breakthrough in relations between the former Soviet republics, although it has still to win approval from the respective governments.

But Mr Volodymir Hryniov, deputy president of the Ukrainian parliament, said: "We have no doubt this document will be taken as the framework for the introduction of our currency." Mr Vladimir Shumeiko, deputy chairman of the Russian parliament, said he was sure the deal would be signed.

The delegations – replete with senior central bank, finance and trade ministry officials – were among 11 from post-Soviet states at a conference to discuss how best to organise trade and monetary policy following the collapse of the Union. The conference was part of an attempt by the European Commission, the Soros Foundation, the Centre for European Policy Studies, and the London School of Economics to sponsor as common an economic space as possible among the republics.

The "code of conduct" on introducing new currencies agrees that:

- It is the right of all sovereign states to issue currency;
- Substitution of old currencies should be "quick, complete, and non-discriminatory";
- All roubles collected should be remitted to the Russian central bank;
- The monetary assets of other rouble zone residents will be treated in a way which minimises damage to all parties;
- The country issuing the new currency will inform rouble zone central banks of its programme, subject to confidentiality on the exact date and rate of substitution.

Mr George Soros, of the Soros Foundation, said the agreement should "help calm the hysteria in both Russia and the Ukraine about the introduction of a new currency".

Mr Hryniov said Ukraine had decided to introduce its own currency for political reasons, but that "the process of stabilising the rouble decided upon by Russia leaves us no other course".

EUROPEAN NEWS

Polish minister resigns over 'economic rift'

By Christopher Bobinski in Warsaw

THE Polish government's economic policies suffered an embarrassing blow yesterday with the resignation of Mr Karol Lutkowski, the finance minister.

Mr Lutkowski, who has only been in office for two months, cited "significant differences" between himself and the rest of the government's economic team as the reason for his "irreversible" move.

The resignation came as Mr Jan Olszewski, the prime minister, unveiled the controversial economic programme which switches emphasis from the anti-inflationary line of the last two governments to one of stimulating the economy to overcome recession. Mr Olszewski declined to comment on the reasons for the resignation but said it had not yet been accepted.

Mr Lutkowski saw the premier yesterday morning – only a few days after the government accepted the plan. It was presented to parliament over the weekend but has not been debated.

Mr Lutkowski was the fourth senior Finance Ministry official to resign over the new economic programme in the past two weeks. All of them were followers of Mr Leszek Balcerowicz, the former finance minister who instigated the monetarist policies of the past two years. Mr Olszewski has so far accepted only one of the resignations and he told a news conference he would now have talks with Mr Lutkowski.

The finance minister said yesterday he felt there had been insufficient support in the cabinet for his policies and efforts. He also expressed fear that moves to change and tinker with monetary controls "signified a threat for Poland's transformation to a free-market economy".

Mr Jerzy Eysymontt, the minister responsible for the new plan, said yesterday he intended to keep this year's budget deficit to within 5 per cent of GDP. "We are fully aware that allowing hyperinflation would wipe out any effort to reverse the recession".

Mr Eysymontt announced that the government intended to concentrate on boosting exports and investment, adding that he did not see "any possibility of increasing consumption over the next three years".

He said the government target was to reduce inflation to between 40 and 45 per cent by the end of the year, against 60 per cent in 1991, while the increase in money supply would "slightly exceed prices growth".

The minister added the government intended to stabilise the level of unemployment next year. A government policy document said recession had to be overcome for reform to continue.

Mr Eysymontt went on to say that the government wanted to avoid the revaluation of the zloty against convertible currencies and reaffirmed that the pace of privatisation would be maintained.

● Poland has signed a deal to buy 5m tonnes of oil from Russia in 1992, partly by barter, Reuter reports from Warsaw.

A foreign trade official said that under the agreement Poland would pay cash for 3m tonnes of oil, and exchange food, medicines, sulphur and coal for a further 2m tonnes.

Poland badly needs to reopen former Soviet markets for its goods after exports there collapsed last year, leaving many state companies in the red.

The official said the contract replaced a $2.8bn barter deal, signed in December, under which Moscow was to have supplied 5m tonnes of oil and 8.1bn cu metres of natural gas in return for goods.

The deal never came into effect and on January 1 Moscow cut deliveries of gas by about 40 per cent, bringing Poland's heavy industry to a halt for a week.

Russia promised to increase gas deliveries by February but extra supplies have not materialised. Before the cut, Russian supplies made up two-thirds of Poland's gas consumption.

Political quagmire, Page 16

German film is US hit but hard to see at home

It's true, but is it cinema art? writes **Andrew Fisher**

European Diary

Germany

TEMPERS are running high in Germany's film world. Causing the controversy is a film which has won critics' plaudits and a leading award in the US, but has been denied a shot at the Oscar because a German jury refused to submit it for the Hollywood prize.

At a time of earnest debate about the failing artistic and financial health of the German film industry, an Oscar nomination would have provided a vital shot of confidence. German cinemas are dominated by Hollywood films and home-grown efforts often find it hard to get a showing.

But what makes this more than just a local spat is the fact that the film, *Hitlerjunge Salomon*, deals with the highly opportunistic survival of a young Jew in Nazi Germany.

Described by the New York Times as "wrenching and darkly funny", it is based on a true story. Solomon Perel, now in Israel, stayed alive by fleeing wartime Germany and then Poland to Soviet-held territory and then, after his capture by German troops, passing himself off as an Aryan.

Thus the jury's decision has raised charges by the film's makers of a refusal to look too closely at Germany's anti-Semitic past, as well as of inattention to the film industry's own interests.

In the US, where it is called Europa, Europa, the film – shown in German, with subtitles – has taken more than $4m. Last month the Hollywood Foreign Press Association awarded it the Golden Globe award for the best foreign film of 1991, regarded in the industry as second only to the Oscar.

"It's a hit," says Mr Tom Bernard, marketing vice-president at Orion Classics, the US distributor. "It's on the way to becoming the highest grossing German film ever in the US."

Such a film, you would think, must be easy to see in Germany. But you have to search hard. In Frankfurt it can be seen in one small cinema, outside the city centre, and until recently had only an early evening showing.

Cinema owners clearly expect little from a film which deals with such a sensitive subject and which Die Zeit, the heavyweight weekly, described as "a mixture of truth and striving for effect, of bitter seriousness and sheer sentimentality".

This comment hints at the reservations over quality which clearly swayed the eight-man jury charged with making the Oscar nomination in the best foreign language film category. Comprising representatives from the production, distribution, technical, and commercial side of the industry, the jury has stuck to its controversial decision of last October.

"This is shocking," says Mr Bernard, all too well aware that an Oscar would enhance the film's bankability and prestige. In an open letter in Hollywood, top German directors such as Werner Herzog, Volker Schlöndorff (maker of the Oscar-winning Tin Drum), and Wim Wenders, actress Hanna Schygulla and others stated their deep regret at what they called the jury's "painful" decision.

Apart from the question of quality, the film's artistic origins also have to comply with Academy Award rules. The main creative influences have to be German for the film to qualify. But *Hitlerjunge Salomon* was a German-French production, with a Polish director, Ms Agnieszka Holland, and a strong non-German element on the technical side. Much of the funding came from Germany, however.

In the end, the jury seems to have decided against *Hitlerjunge Salomon* on both the quality and "artistic control" counts. Mr Artur Brauner, the joint producer, is incensed. So is Ms Holland, another film of whose (Angry Harvest, also produced by Mr Brauner) was put forward by the jury a few years ago.

The story itself is compelling, tragic, and humorous, qualities that not all critics feel are fully evident in the film version. As the Süddeutsche Zeitung wrote: "The story of Solomon Perel is authentic. The film removes this quality."

Perel with Nazi girlfriend: he could not allow their love to go further

Italian police in pay protests

TWO unions representing members of the Italian police protested yesterday outside the Ministry of Interior in Rome and organised a nationwide series of demonstrations to draw attention to pay and work conditions, writes Robert Graham in Rome.

The protest coincided with public discontent among the para-military Carabinieri over their pay and conditions. This comes at a time when Italy's security forces are under increasing pressure to combat a rising wave of organised crime countrywide.

In response, President Francesco Cossiga called a meeting of the defence, finance and interior ministers in an bid to prevent the grievances becoming an election issue.

The police are concerned by a January decree which brought the pay of junior ranks of the Carabinieri up to levels of their inspectors. They have demanded a re-organisation of career structures and more pay, retaining the previous differential with the Carabinieri.

The Carabinieri, meanwhile, has been angered by MPs' inability to approve the decree raising their pay and last week chose the occasion of a funeral of two colleagues, gunned down by Naples gangsters, to shout abuse at authorities.

Bonn 'cannot afford' to host conference

GERMANY'S withdrawal as host to a UN conference shows that Bonn is at its financial limits after helping the former Soviet bloc, a government spokesman said yesterday, Reuter reports from Bonn.

Bonn has backed away from hosting the 1993 UN Human Rights Conference in Berlin after deciding it could not afford the estimated cost of DM100m ($62.8m).

"We wanted to make clear... that we have reached a certain upper limit of our financial ability. That applies too to an amount like DM100m," the official said.

"It may be a good thing the world sees that Germany is not in a position to play along in all financial matters," he added.

Unions split by Lisbon's pay offer

THE Portuguese government has increased its offer for this year's annual pay rises for public administration workers from 8 to 10 per cent, writes Patrick Blum in Lisbon.

The improvement follows trade union calls for a national one-day strike today.

However, the unions have split over the offer. The moderate UGT has agreed to sign the new annual agreement while the left-wing CGT has rejected the offer, saying today's strike in public services would go ahead.

The UGT, which is close to the opposition Socialist party, was also criticised for signing the new agreement by Mr Antonio Guterres, who is expected to take over as Socialist leader this spring.

France's National Front takes big by-election lead

By Ian Davidson in Paris

FRANCE'S extreme right-wing National Front took a commanding lead in the first round of voting in Sunday's by-election in Nice, confirming recent indications that the party will make large gains in next month's regional elections.

The by-election also saw a steep drop in the socialist vote, continuing a run of electoral setbacks for the government.

Mr Jacques Peyrat, the National Front candidate, won almost 38 per cent of the vote in the 14th canton of Nice, well ahead of the centre-right UDF candidate, who secured only 15.8 per cent of the turnout. The Socialist party vote dropped more than 9 percentage points to barely 12 per cent.

Mr Laurent Fabius, leader of the Socialist party, described the result as "frightful" and called on party supporters to resist the National Front's advance.

Mr Fabius also invited the Communists and centrist parties to join Socialists in thwarting the National Front and mainstream conservatives in the regional elections on March 22.

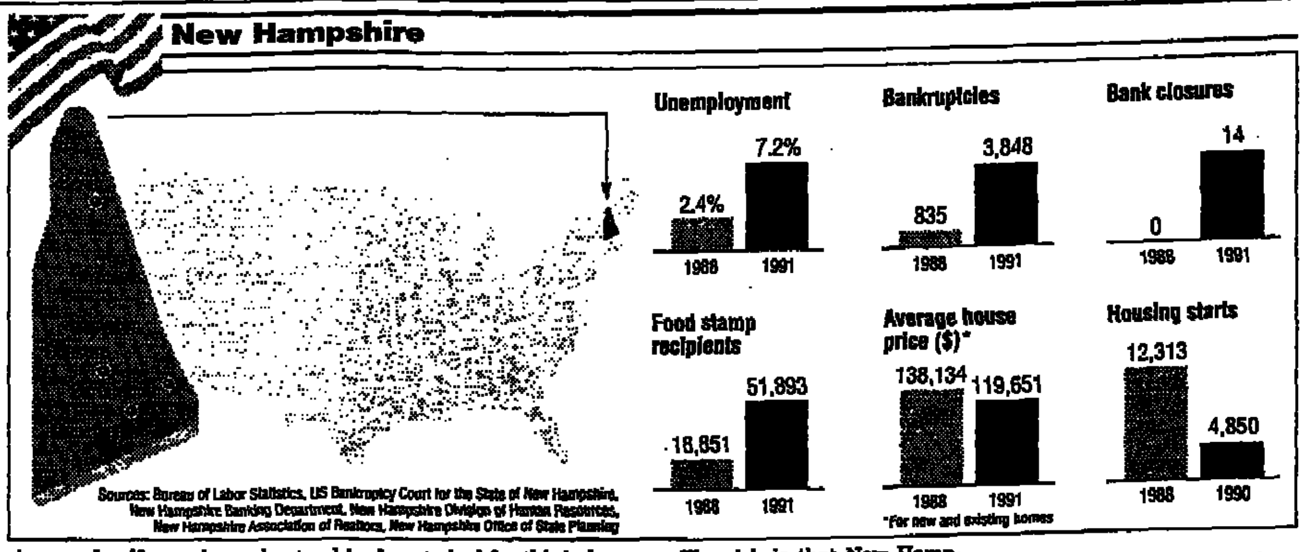
The National Front's showing in Nice could well be repeated throughout Provence-Alpes-Côte d'Azur, a key political battleground, in regional elections.

A recent survey suggested the traditional conservative parties were marginally ahead in the region, but that the National Front was a close second.

AMERICAN NEWS

Granite state's voters warm to domestic issues

Lionel Barber on prospects for Democrats and Republicans in today's New Hampshire primary



ALL EYES turn to New Hampshire today as the granite state, so often the graveyard of presidential ambitions, holds the first primary election of the 1992 campaign. The results of the Democratic and Republican races are eagerly expected, not just because voters will deliver their verdict on President George Bush's three years in office.

In a broader sense, New Hampshire marks the start of a landmark election – the first of the post-Cold War era, now that anti-communism, which has defined the political terrain in every US election since 1948, has seen its enemy vanquished in its own citadel.

Domestic issues – primarily whether the US economy can produce a higher standard of living for future generations of Americans – have become paramount. Thus the performance of each candidate will show how voters rate their prescriptions on matters ranging from trade, industrial policy, tax cuts and health care.

For Mr Bush, the stakes are high. Having looked invincible six months ago, he has appeared defensive, waiting like Mr Micawber for something to turn up to suggest an economic recovery.

In New Hampshire, where voters are more conservative than elsewhere in the US, the president faces an unpredictable challenge from Mr Patrick Buchanan, the right-wing television commentator and former speech writer for presidents Richard Nixon and Ronald Reagan. A strong showing by Mr Buchanan would increase the impression that Mr Bush is vulnerable, if not beatable, in the November general election.

New Hampshire should be fertile ground for a protest vote.

In three years, the state has gone from boom to bust: unemployment has tripled; bankruptcies have increased fivefold; the empty shopping malls which line the highways are a testimony to the over-building and speculation which characterised the 1980s.

Mr Buchanan is counting on holding the president's support to something less than 60 per cent of the Republican vote, with his own candidacy locking on to more than 33 per cent.

"Anything less than a 2-1 margin for Bush is a win for us," says Mr Frank Luntz, the young, bearded, Oxford-educated pollster for Mr Buchanan. "It will allow us to raise the money to fight on in the south."

This prospect of civil war within the Republican party may not match the historic split forced by right-wing Senator Barry Goldwater when he took on liberal governor Mr Nelson Rockefeller of New York in the early 1960s. But it may herald the crack-up of the coalition forged by Mr Richard Nixon and Mr Ronald Reagan which led to five Republican victories in the last six presidential elections.

The question is whether the current crop of Democratic candidates can present a credible alternative to Mr Bush, making a national leader who could appeal to the blue-collar workers and suburban middle-class voters who deserted the Democratic party in the 1970s and 1980s. During this period it was dominated by liberal factions more interested in catering to minorities and heavy public spending.

On Sunday night, all five Democratic contenders showed off their wares in a strangely subdued debate. Former Senator Paul Tsongas of Massachusetts, the front-runner, sounded more like a Republican with his proposals for relaxing anti-trust law, and support of free trade and a capital gains tax cut.

But Mr Tsongas is a little too pious and self-conscious about his rise from obscurity. "Anti-charisma only gets you so far," says Mr Michael Barone, a political commentator. Mr Tongas has benefited from Governor Bill Clinton's troubles.

Mercifully, the Arkansas governor was not asked about charges of draft dodging during the Vietnam war; but he needs at least a good second place in New Hampshire to carry on the fight in his native south.

Senator Tom Harkin of Iowa, the Japan-bashing liberal, would cut the US defence budget by 50 per cent in the next 10 years and introduce a Franklin Roosevelt-style public works programme.

Whether voters buy the meeker version produced on Sunday night will depend on his closest rival for third place, or better, Senator Robert Kerrey of Nebraska.

Mr Kerrey, Mr Harkin and their fellow Democratic candidate, California's Governor Jerry Brown, were yesterday criss-crossing the state, hoping for a last-minute shift in their favour and vowing that no matter what happened on Tuesday, they were in the race until the end.

Mr Ron Brown, chairman of the Democratic party, says he expects the Democratic presidential nominee to emerge from the present field and plays down the chance of a late entry by an outsider such as Governor Mario Cuomo of New York. Judging by the thinly-attended "draft Cuomo" event on Sunday night in Manchester he may be right.

The risk is that New Hampshire will not offer a decisive result for the Democrats. But there are signs that the candidates are starting a coherent attack on the past 11 years of Republican control of the White House, when the US tripled its national debt, turned from being the world's largest creditor nation to the largest debtor, and saw its schools, inner cities and infrastructure crumble.

However different their prescriptions, both Mr Buchanan and the Democratic candidates believe they can make a good case against Mr Bush, the guardian of the status quo. New Hampshire will offer the first clue as to whether they are correct, or whether the powers of incumbency will prove too formidable.

In the opposition's camp: Senator Robert Kerrey, vying for nomination as the Democratic presidential candidate, comes across a supporter of the Bush/Quayle Republican ticket while on the campaign trail in Manchester, New Hampshire

Bush slated for stalling on global warming deal

By George Graham in Washington

THE Bush administration has come under attack for stonewalling efforts to win a worldwide agreement on global warming at the Earth Summit due to take place in Rio de Janeiro in June.

Senator Albert Gore, one of the leading spokesmen for the opposition Democrats on environmental issues, said the administration had rejected a policy of stabilising carbon dioxide emissions – one of the factors thought to contribute to global warming – at 1990 levels.

"Our position is now different from the rest of the world. There are 139 countries on one side. There is one country, led by the Bush administration, on the other side," Mr Gore said, citing a document faxed to him by someone within the administration. Mr Gore also attacked President George Bush for not attending the summit.

Mr Bush's stance on environmental issues was fiercely criticised in a debate on Sunday between the five major candidates for the Democratic party's presidential nomination.

One of the Democrat candidates, Governor Bill Clinton of Arkansas, said: "Every one of us believes that the president of the US should go to the Rio conference and say: 'The US has been lagging on agreeing to global standards on global warming and we are going to agree right now with the Europeans on reducing carbon dioxide emissions, increasing fuel efficiency standards and whatever we have to do to meet a common standard.'"

Mr William Reilly, head of the Environmental Protection Agency, said the US wanted to sign a treaty in Rio, but cautioned that the scientific evidence on global warming was not conclusive. "We certainly will be prepared to deal on the issue of global warming. The US very much wants to see a framework convention," Mr Reilly said.

Peru to privatise 19 state companies

By Sally Bowen in Lima

PERU is to sell 19 state companies, its most serious venture yet into privatisation.

President Alberto Fujimori said the government had designated small "privatisation committees" for each of the companies, charged with selling this initial group of companies "at the best possible price...and in the most transparent fashion possible".

The first sales are expected within two months.

Privatisation revenue will be used for development projects, improvements to infrastructure and job creation schemes, but not to balance the state's budget, Mr Fujimori said.

The companies for immediate disposal include mining concerns Minero-Peru and Hierro Peru; bus company Enatru-Peru; two petroleum industry service and transport companies; and the liquid gas concern Solgas.

Some loss-making state companies are to be wound up, including the heavily-indebted state steamship company Compania Peruana de Vapores, fishing companies Flopesca and Lilly SA as well as fishmeal producer San Jose.

State-owned Banco Popular is also to be privatised. Mr Fujimori said his government's aim was to promote competition in the financial sector, which he called "a cartel, or at least an oligopoly". The state-owned Banco Continental could be sold to "an international entity" – competition, he believed, would force local banks to cut costs and interest rates.

García is chosen as party chief

By Sally Bowen

PERU'S former president, Mr Alan García, has been elected head of the country's biggest political party, the American Popular Revolutionary Alliance (Apra), only weeks after being cleared of charges of illegal personal enrichment while in office.

Mr García, who led an Apra administration from 1985-90, was elected secretary general by popular acclaim during the party's annual congress at the weekend in the northern city of Trujillo.

The delegates' choice put an end to the ambitions of Mr Luis Alva Castro, Mr García's chief rival, within the party. He has been secretary general for the past three years.

By threatening not to accept the offered position unless his conditions were met, Mr García succeeded in placing his own candidates in key party positions. Senator Mercedes Cabanillas becomes his second-in-command and Mr Abel Salinas, senator and former economy minister, the secretary for planning.

In December a supreme court judge decided there was insufficient evidence to proceed with charges that Mr García illegally enriched himself during his 12 years in public life, particularly during his presidency.

Mr García vehemently denied the charges.

But there was concern in some Apra circles that Mr García's choice of Mr Agustín Mantilla, former interior minister, for the position of "organisation secretary" would lead to the militarisation of the Apra party. Apra remains the largest party.

Extension of reserve in Lacandona rain forest wins go-ahead

Mexico raises environmentalists' hopes

By Damian Fraser in Mexico City

MEXICO'S decision to enlarge the Montes Azules biological reserve in the Lacandona tropical rain forest has raised environmentalists' hopes for the creation of the long-planned Ruta Maya – an eco-archeological park stretching from Honduras to southern Mexico.

The measures will extend the Monte Azules reserve eastward by 55,000 hectares to River Usumancinta, on the Mexican border with Guatemala, and include the Mayan ruins Bonampak and Yaxchilan. The reserve will border a similar ecological zone in Guatemala, that includes the ruins of Piedras Negras, Tikal and El Mirador.

President Carlos Salinas de Gortari will be visiting his Guatemalan counterpart next week. The establishment of a joint environmental park is likely to be raised in the talks, according to Mr Homero Aridjis, founder of the Group of 100 environmental organisation.

The Lacandona is North America's largest tropical rain forest. Since 1970 some 60 per cent of the Lacandona has been destroyed, in part because of previous Mexican policy to populate the sensitive border with Guatemala.

● The Mexican finance ministry has released another string of favourable economic figures, showing that the government ran a budget surplus last year of 15.5bn pesos ($5.07bn) or 1.8 per cent of GDP. Excluding revenues from privatisation, the budget was in deficit by 12.99bn pesos, 60 per cent less than the deficit last year.

In the third quarter economic growth slowed to an annual rate of 3.1 per cent, bringing growth in the first nine months of last year (again at an annual rate) to 4.1 per cent. The slowdown from second quarter growth of 4.9 per cent reflects the dampening effect of the US recession on the Mexican exports, and capital spending.

The government revealed that internal and foreign debt as a percentage of GDP fell to 38.1 per cent last year, from 62.4 per cent in 1988.

The cost of servicing the debt fell to 5.8 per cent of GDP from 16 per cent in 1988, mainly thanks to the substantial fall in interest rates over this period.

Russian scientists to assist Chile in study of ozone layer depletion

By Leslie Crawford in Santiago

RUSSIAN and Chilean scientists are to begin studying the depletion of the atmosphere's protective ozone layer over Chile.

The joint project will be backed by the air force of Chile (Fach) and the Physics Institute of the Russian Academy of Sciences, which signed a scientific protocol in Santiago at the weekend. Russia will provide a M-17 aircraft equiped to study atmospheric conditions at high altitudes. The research team will include Fach meteorologists as well as scientists from both countries.

The involvement of the Chilean air force is an indication of how widespread concern has become over the problem of ozone depletion. Last spring, farmers and fishermen in Chile's far south raised the alarm by reporting that sheep, wild rabbits and salmon were going blind.

The inhabitants of these remote parts also began to suffer from eye irritations, allergies and severe skin burns. The symptoms were blamed on the growth of the springtime ozone hole over the Antarctic, which is beginning to extend over parts of southern Australia, New Zealand and Chile.

The ozone hole, caused by the accumulation of chlorofluorocarbons (CFCs) above the Antarctic, allows increased levels of cancer-causing ultraviolet rays to reach the earth.

Apart from the Russian-Chilean project, another team of Chilean scientists began this year to monitor levels of ultraviolet radiation reaching the entire length of the country. Greenpeace, the environmental lobby group, has also sent a fact-finding mission to the southern tip of Latin America.

Luck and good management behind IMF success

Stephen Fidler charts the astonishing turnaround in the Dominican Republic's economy

THE octogenarian president of the Dominican Republic spends most of his evenings between 7pm and 9pm signing the cheques to pay the central government's bills.

Surrounded by ministers and advisers, President Joaquin Balaguer, though blind, is reputed to be painstaking. He will not sign a cheque if there is no money to cover it, an approach that sounds like a perfect way to ensure the government balances the budget.

In fact, it has guaranteed no such thing: by focusing purely on cash in hand and bills when presented, it takes no account of the transactions being undertaken on the government's behalf. Furthermore, it ignores the operations of the central bank, with which central government was running up substantial arrears, and the rest of the public sector.

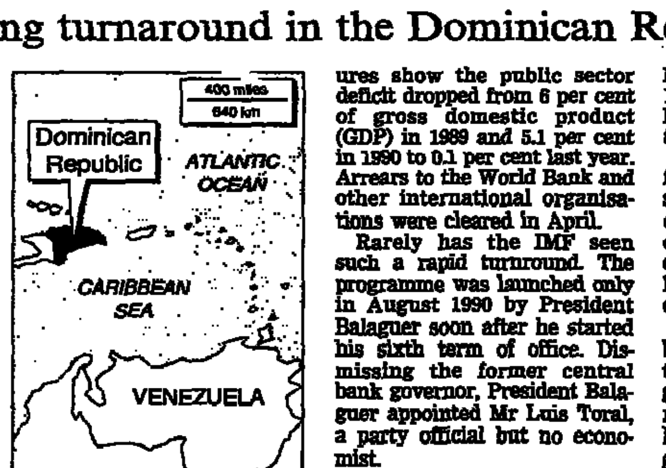
This was why, despite a Victorian housewife's approach to the central government's budget, President Balaguer's government was printing money at a rate sufficient to produce unprecedented inflation of over 100 per cent in 1990.

In the second half of 1990, the Dominican Republic appeared on the brink of financial collapse. Many households were suffering power cuts for 20 hours or more a day, many lost water supplies for much of the day. Petrol and food shortages developed, damaging the important tourist trade.

The net foreign exchange reserves were negative and the government was behind in payments to all its creditors, forcing the World Bank, an important source of development capital, to suspend disbursements on its loans.

However, since then, there has been an astonishing change. Most estimates suggest prices rose by less than 5 per cent in 1991. Most forecasts for this year suggest it will climb back, perhaps into double figures, as the economy recovers from the sharp decline of the last two years.

Because interest rates were freed, and adjusted for inflation yielded positive returns for depositors, Dominicans have started to bring money back from the US, where interest rates have dropped. Perhaps up to $300m entered the country because of this last year, helping to stabilise the exchange rate.



This was expected to have declined to 14.50 pesos to the US dollar by the end of last year, according to the economic programme agreed with the International Monetary Fund in the middle of last year. Instead it has stood since April at around 12.50 pesos to the dollar.

Dominican central bank figures show the public sector deficit dropped from 6 per cent of gross domestic product (GDP) in 1989 and 5.1 per cent in 1990 to 0.1 per cent last year. Arrears to the World Bank and other international organisations were cleared in April.

Rarely has the IMF seen such a rapid turnround. The programme was launched only in August 1990 by President Balaguer soon after he started his sixth term of office. Dismissing the former central bank governor, President Balaguer appointed Mr Luis Toral, a party official but no economist.

Mr Toral appears to have taken the advice of the IMF, which could not lend money immediately while the government was behind in payments to international financial institutions. But by not signing an agreement with the Fund until last July, Mr Toral has managed to create the impression domestically that the new programme was entirely fashioned in the republic.

This approach may have helped avoid riots such as those that greeted previous IMF austerity measures in 1984, even though the economy has shrunk considerably since the measures were introduced.

Official figures suggest GDP fell 5 per cent in 1990 and stayed static last year. With official data in the country often unreliable, some private estimates suggest GDP may have fallen by a further 2 per cent last year.

The government's success in bringing down inflation, and the renewed prospects for growth, suggest a rare combination, for the Dominican Republic, of good luck and good economic management.

The measures included a unification of the four exchange rates and a liberalisation of the exchange rate regime, and the interest rate liberalisation. They stopped the central bank issuing currency without money from central government, and most significantly slashed subsidies on many goods including electricity and petrol, which having more than trebled in price is now close to world levels.

The government used the sharp rise in oil prices caused by Iraq's invasion of Kuwait as the pretext for raising gasoline prices. When prices subsequently fell, Dominican consumers saw no benefit.

The government coffers did, however. Mr Andres Dauhajre, executive director of a Santo Domingo pro-market study group, the Economic and Development Foundation, estimates the rise in oil prices lowered the public sector deficit by the equivalent of 2 per cent of GDP.

The government now makes money on every gallon of petrol sold, and petroleum imports have dropped from 50,000 barrels a day to about 34,000.

Structural reforms, such as reforming the customs code, have also been undertaken. Tax reform and financial sector reform are also firmly on the agenda.

The difficulty is that, while much more remains to be done to convince those inside and outside the country that some reliable and consistent rules will apply to economic activity in the Dominican Republic, much of what has been done so far has been accomplished by decree. Thus they are not fixed in law and can easily be cancelled by decree by this or future administrations.

Balaguer: Victorian thrift failed to curb inflation

Neither are people convinced that the government's economic policy is guided with a medium or long-term aim in mind. Policy appears to be decided still "on a day-to-day basis", according to Mr Hugo Guiliani Cury, a former central bank governor and now a bank president.

Still, the measures appear to have generated more optimism than has existed for years over the prospects for the Dominican economy.

ADVERTISEMENT

COMMUNICATING SUCCESS

The contribution of Ricoh, the global leader in office automation technology, to the Winter Olympics has ensured that millions worldwide have been enthralled by this sporting spectacle

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Official Olympic Facsimile Network Sponsor

American skater Bonnie Blair, who won the first medal for the US at the Winter Olympics – a gold in the 500m speed skating competition. Her prize was "in honour of Ricoh's contribution and support", according to William B. Campbell, USOC's corporate participation director

BY THE time the 1992 Olympic Winter Games draw to a close at the final ceremony in Albertville, France, this weekend, hundreds of millions worldwide will have thrilled to the skill, daring and beauty of the world's top athletes performing their daredevil pursuits on snow and ice — especially those who would not dream of soaring off a ski jump at 100 kilometres an hour.

The success of the Winter Olympics can be measured by the way it has brought so many different people together — contestants and viewers — to enjoy the drama and excitement of one of the world's greatest sporting events.

Behind the surface glamour, however, lies a formidable feat of organisation, co-ordination and sheer hard work.

To ensure the success of the Winter Olympics, Jean-Claude Killy, star of the 1968 Grenoble Olympics and one of France's greatest athletes, who heads up the Games, has been able to draw on the very latest technology from some of the world's leading companies.

To support the complex system of facsimile services the International Olympic Committee (IOC) has relied heavily on the resources and expertise of Ricoh, the global leader in office automation. Ricoh not only provides fax machines and back-up, but also enables contestants and organisers to keep in touch by fax with their home countries through the world's first Olympic Facsimile network, which has been successfully completed by Ricoh.

The network links the IOC in Lausanne, Switzerland, with the Olympic Family around the globe. This involves all National Olympic committees, IOC members and many international (sports) Federations.

The network, the original idea of IOC President Juan Antonio Samaranch, has improved dramatically the speed and accuracy of communications among the far-flung parts of the Olympic Family, which previously had relied on mail and telex.

President Samaranch is in no doubt about Ricoh's role. Ricoh, he says, "has made a truly invaluable contribution to the Olympic Movement — a legacy which I am sure will serve us well for many years to come."

The network is another "world first" for a group which has produced many technological innovations, including the first international Fax transmission from Tokyo to New York via satellite in less than a minute, and the *Guinness Book of Records* 1991 entry for the smallest fax machine in the world.

For the Olympic Games, the organisers have been able to tap the resources of several parts of the Ricoh Family, which today comprises 44,500 people in 127 subsidiaries, eight research institutes and 24 modern production subsidiaries.

Some 30 fax units have been supplied by Ricoh Corporation, one of Ricoh's subsidiaries in the US, which are being used by the United States Olympic Committee (USOC). These machines are mainly providing swift communication among the US delegations to the Olympic Games.

The formidable logistics involved have been recognised by William B. Campbell, USOC's corporate participation director, who admits that: "From an administrative standpoint, the Winter Olympics are the most challenging for us due to the distance between venues and our USOC headquarters. Ricoh's fax machines make all the difference in communicating our successes."

Even before the Games Opening Ceremony on February 8 Mr Campbell declared that the first medal won by a US athlete would be in honour of Ricoh's contribution and support. The American skater Bonnie Blair brilliantly took that honour on the third day of the Games when she won the Olympic Gold Medal for 500 metres speed skating, for the second successive time.

Of the remaining 25 units which are being provided by Ricoh Company Ltd, the parent company in Japan, 11 are serving the needs of the International Olympic Committee (IOC).

Official Olympic Sponsor

Underlining Ricoh's commitment to Europe, where Ricoh now employs more than 2,400 people, is the fact that the Ricoh fax machines for the Olympic Games were installed by personnel from SMO and Finley, Ricoh's distributor and dealer respectively in France.

Throughout the entire period of the games, personnel from these two companies have been maintaining the machines and offering technical advice on how to make the best use of them.

Ricoh's technological expertise in the world of fax owes much to the huge resources Ricoh devotes to research and development on its wide range of activities.

Ricoh spends around 5.5 per cent of its net sales on R&D, focused on Ricoh's Research and Development Centre and its seven separate, but inter-related, institutes in Japan. Not that R&D is restricted solely to Japan — European fax customers, for example, can benefit from the expertise of the European Facsimile Design Centre in Frankfurt which can, among other tasks, adapt machines to meet a customer's special needs.

Ricoh's Olympic sponsorship is not a "one-off" idea. Ricoh has a long tradition of corporate sponsorship and has been particularly prominent in its unstinting support for sporting events, as well supporting numerous community activities in the many countries in which Ricoh operates.

Ricoh was a major sponsor of last autumn's Rugby World Cup, supplying all the copying and facsimile machines used at the tournament's 19 media centres in the UK, Ireland and France.

Over the years Ricoh has been a strong and generous backer of the Tour de France, the cycling world's supreme championship. And Ricoh's name will once again feature prominently this July on the number-flashes on the backs of the competitors as they battle for the top cycling accolade, which this year will take them through more European countries than ever before.

But Ricoh's support for the Tour de France is overshadowed this year by its role as Official Facsimile sponsor for the Summer Olympic Games in Barcelona, where the spectacular Opening Ceremony in the Montjuic Stadium will start the Games on July 25.

With more than 15,000 athletes participating in sports as varied as basketball, discus and the marathon, the Barcelona Olympics are being hailed as the largest ever. Apart from Barcelona, 15 other Spanish towns and cities will host sporting competitions. With swift and reliable communication a vital necessity, Ricoh's Olympic Facsimile Network will come into its own.

Drawing on this valuable experience, Ricoh is now poised for the Barcelona Games, where more than 1,400 facsimile machines will be in service in and around the city, including the press centre.

The Summer Olympics, like the Winter Olympics, is much more than a test of supreme athletic abilities — impressive and dramatic as they certainly are.

The Olympics give the people of the world a chance to share together in a common experience. By helping to link the world, the Ricoh Olympic Fax Network is playing its part in the Global Village and ensuring the success of the Games.

Official Olympic Sponsor

STARRING ROLE AT TECHNOLOGY SHOWCASE

Next month sees Ricoh playing a prominent role at another international gathering — albeit one that has a little less drama and excitement than the Winter Olympics!

However, the annual gathering of CeBIT, which attracts the world leaders in office, information and communication technologies and will take place in Hanover from March 11-18, is still an important event in many diaries.

It provides the most comprehensive showcase of modern technology by more than 5,000 exhibitors from 45 countries. Apart from the new technologies and products on display, practical demonstrations will provide the several hundred thousand expected to attend with not only "know how" but "how to".

CeBIT's growing success is highlighted by the fact that the number of exhibitors has grown from just over 4,000 to over 5,000 since 1990.

Among the Ricoh products on display will be the Colorfax 8000DT, Ricoh's next generation fax, which the group describes as "tomorrow's facsimile today".

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Land issue distracts Mugabe's donors

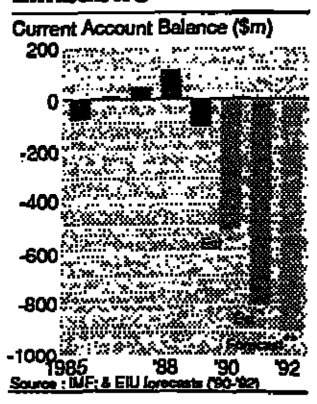
Zimbabwe aid conference runs into some political barbed wire, writes Tony Hawkins

JUST SIX weeks ago the signs were that the western country donor meeting on Zimbabwe which starts in Paris today would be relatively straightforward.

True, there has been some slippage in the implementation of Zimbabwe's five-year economic structural adjustment programme which western donors backed to the tune of $700m at a similar meeting in Paris last March. But a 45 per cent devaluation of the Zimbabwe dollar last year, the lifting of controls on most prices, the virtual freeing of interest rates – with the important exception of mortgage lending – a partial return to collective bargaining in the labour market, substantial increases in the export retention scheme and the launch of trade liberalisation reflect strong government commitment to economic reform.

This is no mean achievement given the extent to which the reforms contradict just about everything President Robert Mugabe's ruling Zanu-PF party stands for. At three general elections, it promised voters socialist transformation of the economy, free schooling, improved health facilities, more and better jobs and housing and – above all – land redistribution.

Today, it stands for a reduction in the fiscal deficit from almost 11 per cent of gross domestic product in 1991 to below 8 per cent. School fees



have been re-imposed at primary level; 25 per cent of the public service workforce (excluding teachers and nurses) are to be laid off by 1995, price controls abandoned, parastatals commercialised or privatised and subsidies virtually abolished. So much for socialism.

As a result, the voters are deserting Zanu-PF in droves to the point where few political analysts believe it can win a fourth term. What is fortunate for the government, elections are not due until 1995 and there is no viable opposition on the horizon yet, though Harare is thick with rumours that a broad front for multi-party democracy – like those established in Kenya and Zambia – will soon be launched.

Zanu-PF's deepening unpopularity explains the decision to trundle out the Land Acquisition bill. Due to go to parliament at the end of this month, the bill seeks to give the state the power of compulsory acquisition of commercially-owned (largely white) farmland. The initial target is some 850,000 hectares, adjacent to the "communal" (black peasant-farmed) lands where overcrowding and environmental degradation have long been a problem.

The principle of compulsory acquisition is not disputed, but the means are. The bill's provisions for compensation are inadequate, there is no recourse to the high court and the principle of "designation" has already struck at the very heart of the structural adjustment programme.

The bill is an enormous embarrassment to donors, not just because it violates the principles of accountability and transparency which they believe are crucial to sound development strategies but because it threatens to undermine what has long been the dynamo of the Zimbabwe economy – commercial agriculture. Last year, for instance, when GDP grew 3 per cent, the main impetus came from tobacco, the bulk of which is grown by white farmers.

Some donors, and especially the World Bank, are anxious to ensure that the land issue does not divert attention from the undoubted virtues of structural reform. The British, who part-financed previous largely-unsuccessful land resettlement in the early 1980s, had hoped to build a consensus among donors to force Harare to rethink the compensation provisions of the bill. But other bilateral donors show little enthusiasm for this.

Zimbabwe's finance minister Mr Bernard Chidzero, who can have no illusions about the bill's potential for economic damage, will seek to calm the critics, trotting out the line that the legislation is merely political symbolism that won't be activated – if only because there are no funds – and should not be allowed to undermine the adjustment programme's grander designs.

As a result, the donors, believing – with some justification – that Zimbabwe has a better chance than most of making a go of structural adjustment, are likely to stump up the $380m needed in 1992 and a further $700m for 1993. This on top of some $350m from the World Bank and the African Development Bank and an SDR400m ($564m) three-year IMF extended fund facility.

But that will not be enough now that severe drought has forced a radical downward revision of earlier targets. These projected a 4.4 per cent rise in real GDP in 1992, 10 per cent growth in exports, a debt-service ratio of 20 per cent and a fall in inflation to 15 per cent at the end of this year from 28 per cent last December.

So serious is the drought – and so ill-conceived government's agricultural pricing policies – that there is a real danger of a food crisis in April. Zimbabwe has enough maize to see it through until the end of next month, but will then need to import up to 1m tonnes to tide it over.

Falling farm output and substantial food imports will force the donors to upgrade their support for Zimbabwe. Last year's current account deficit of almost $700m (12 per cent of GDP) was at one stage forecast to decline to $600m in 1992. Some forecasts are now for an increase to $900m.

The best-case scenario is one of zero growth in 1992 and a limp recovery in 1993. The worst-case scenario – that looks more likely by the day – implies GDP falling 2-3 per cent while more than half the population of 10m people require food-aid assistance of some kind.

There is a temptation to dismiss the Land Acquisition bill as an irrelevance, certainly in its present form. But to do that is to misunderstand the determination of some in the government to deliver elements of their political agenda, no matter what other indignities they have been forced to undergo by the donor community.

There is also the lingering – if improbable – hope that land resettlement might just be enough to win the party the next election.

Mugabe: conscientiousness in IMF-supervised economic reforms has meant a loss of political support

Kuwait to privatise telecoms network

By Sheila Jones in Kuwait City

THE KUWAITI government is planning to privatise its telecommunications network through a public flotation, the first public service to be sold to the private sector. The sale could raise up to $1bn.

A first tranche of shares would be floated on the Kuwaiti stock exchange, possibly as early as next year.

Coopers & Lybrand, the UK firm advising the government on the sale, has just submitted an interim report on the privatisation. A final report is due in May.

Privatisation of the network would first require a change in the law on the government's virtual monopoly on telecoms.

Mr Abdul Aziz Al-Ayoub, under-secretary at the Telecommunications Ministry, said yesterday he hoped the sale would be underway by the end of 1993.

Under privatisation, all the government's telecoms assets would be transferred to a separate authority, which would establish a company to transfer assets to the private sector.

The government plans to invest about $300m in the system before privatisation, including conversion to a fully digitalised network.

The government intends to maintain a stake in the new company for an initial period during the phased sale. It would also continue to regulate the telecoms market. A proportion of shares would be offered for sale to Kuwaiti citizens.

The telecoms service had to be privatised if it was to improve efficiency and keep pace with new technology, Mr Al-Ayoub said.

Ericsson, the Swedish telecoms group, supplied more than 90 per cent of the government-controlled market before the Iraqi invasion of Kuwait in 1990. However, other foreign companies, most notably AT&T of the US, have been battling for a share of the estimated $400m repairs and replacement of equipment damaged during the war. Less than $100m worth of contracts have been awarded so far.

Mandela optimistic on interim government

MR Nelson Mandela, president of the African National Congress, said yesterday that a multi-racial interim government could be in place in three months, warranting an end to most remaining sanctions against South Africa, AP reports from Johannesburg.

Mr Mandela made his statement during a speech in Cape Town as black and white negotiators began considering proposals by his ANC and other groups for the government that would rule during the transition to democracy

The government of Mr F W De Klerk, the ANC and most other political groups began negotiations in December on rewriting the constitution.

A working group on the interim government issue met yesterday to begin assessing widely differing proposals put forward by the 19 parties and organisations involved.

Proposals so far have agreed an interim government should control finance, the media, foreign affairs, security forces and preparations for elections.

The governing National Party yesterday released its principles for a new constitution, calling for protection of minority rights.

Iran to raise basic wage by 36%

IRAN is raising its minimum wage by 36 per cent, Reuter reports from Nicosia.

Iranian television, quoting a deputy labour minister, said the minimum daily wage would rise to 2,267 rials on March 21, the Iranian New Year.

That would buy $1.60 at the officially set floating rate now used for many foreign transactions. But its purchasing power is still considerably greater for most of the items in a low income family budget.

The Central Bank last estimate for inflation was 20.7 per cent up in 12 months.

Somali warlords ignore UN ceasefire

THE SOMALIAN capital, Mogadishu, was rocked by street battles and mortar bombardments yesterday despite pledges by rival warlords that they would comply with a United Nations-sponsored ceasefire, relief officials reported, Reuter reports from Nairobi.

Clan forces of Mr Mohamed Farah Aideed are apparently trying to surround Mogadishu's northern Karan district where a rival faction leader, Mr Ali Mahdi Mohamed, is making a last-ditch stand, according to relief workers who are in contact with the city by radio.

For several days fighting has concentrated along a road linking Karan with a vital airstrip and the outside world. "People are deeply pessimistic whether a ceasefire will work out at all," one official said. A human rights worker who arrived in the Kenyan capital yesterday after being flown out of Mogadishu said that shelling had been constant.

Some 5,000 people are believed to have been killed and a further 12,000 wounded since war erupted on November 17.

Late on Sunday, the Aideed faction, which controls most of the city, said it would comply with the UN ceasefire which was agreed at talks in New York last Friday. In a Radio Mogadishu report, monitored by the BBC, Mr Aideed said he was ready to implement the UN resolutions to immediately halt fighting and to sign a formal ceasefire by the end of the month.

Relief workers said few medical supplies had reached the district controlled by the Ali Mahdi clan since an International Committee of the Red Cross team of doctors was forced to pull out of a hospital last week.

This left an estimated 4,000 wounded in makeshift hospitals without proper treatment. Scores of new casualties are being suffered daily. Aid workers said hospitals in the Aideed faction's part of Mogadishu had been receiving up to 330 casualties a day. The Radio Mogadishu report monitored by the BBC quoted Mr Aideed as saying he was ready to host a peace conference in the capital. He also appealed to international organisations for more aid.

After United Somali Congress (USC) fighters ended the 21-year rule of Mr Mohamed Siad Barre just over a year ago, Mr Ali Mahdi – a wealthy hotel owner who had financed the guerrilla group – declared himself interim president.

Mr Aideed, who seeks power himself, said the action broke agreements made in exile with other anti-Siad Barre groups from the north and south of the impoverished country.

INTERNATIONAL NEWS

EC protests at China's trade deals with US

By David Buchan in Lisbon

THE European Community has complained at China's special trade deals with the US which, Brussels alleges, discriminate against the EC.

Foreign ministers of the 12 EC states also yesterday reviewed the Community's attitude to the communist government's record on human rights.

Despite a Danish-led push to toughen the EC's political stance towards Beijing, the Twelve decided to maintain their 1990 policy of gradual normalisation of relations with Beijing.

However, EC officials stressed they made no link between the trade and human rights issues, because to do so would open the Community to political blackmail over commercial issues.

The European Commission has complained that China recently signed an exclusive shipping agreement with the US, requiring US-Chinese trade to be carried in boats of the two countries. This, say EC officials, goes against the EC's agreement with China which has a no-discrimination clause.

Brussels' other complaint is that China has given US companies better treatment than other foreign concerns on intellectual property by awarding them retrospective rights.

The Commission has now written to Beijing asking for equal treatment with the US. If it gets no satisfaction, the EC side will raise the issue at next month's meeting of the joint EC-Chinese working group on trade.

A similar row over discrimination arose a couple of years ago when Brussels complained that South Korea was giving preferential treatment to the US on intellectual property rights.

Eventually the EC persuaded the Seoul government to treat European companies on a par with their American counterparts and the issue was defused.

Brussels is hoping to achieve the same with China.

The impact of trade discrimination can be seen, claim EC officials, in the Community's growing trade deficit with China.

This has doubled every year since 1987 to reach a $10bn last year.

Deng says economic reform will continue

CHINA'S paramount leader, Deng Xiaoping, says his country's commitment to economic reform must last for a century, a Beijing-funded Hong Kong newspaper reported yesterday, Reuter reports.

He also promised the southern province of Guangdong that it could become Asia's fifth economic "dragon" within 20 years, according to the Wen Wei Po newspaper.

Deng has recently toured the province's special economic zones, Zhuhai and Shenzhen. He noted the success of the booming province but said it had to work harder and faster to catch up with the four dragons: the dynamic economies of Hong Kong, Taiwan, Singapore and South Korea.

In a clear signal that the push for economic reform does not include any hint of political change, Wen Wei Po said Deng supported "grasping two things at once", economic reform and control of spiritual values. Deng and his supporters believe economic reform is possible without the Communist party surrendering power.

The collapse of communism in eastern Europe and the Soviet Union has apparently convinced Beijing that to survive, the Chinese Communist Party must push ahead with economic reforms while suppressing political dissent.

Taiwan to stem inflow of equity funding

A DECISION by Taiwan's central bank to restrict the flow of equity investment funds into the island has stunned foreign fund managers and sparked a dispute over financial policy within the government, Reuter reports from Taipei.

The decision threatens to damage the confidence of foreign investors and hurt Taipei's efforts to internationalise its stock market, which opened to foreign institutions at the start of last year, industry analysts and officials say.

"If you want foreigners to invest in your market, the free flow of funds is a condition ... Taiwan loses credibility because of this," said the vice president of a foreign securities firm.

"Taiwan can no longer justify the use of such measures," said one Finance Ministry official, adding that his ministry hoped to persuade the central bank to alter its policy.

The central bank began earlier this month to delay its approvals of remittances of funds by foreign firms investing in the island's equity markets, according to Finance Ministry officials and foreign securities firms.

The policy aims to curb pressure for appreciation of the Taiwan dollar against the US dollar by reducing the capital flowing into the island.

The Taiwan dollar, buoyed by a trade surplus and domestic interest rates well above US rates, has risen to about 25 to the US dollar from 27 at the end of June last year, threatening the competitiveness of Taiwan's exports.

The central bank yesterday continued to refuse to make an official policy statement.

But the Commercial Times, a leading financial daily, quoted Mr Samuel Shieh, central bank governor, as saying inflows of foreign equity funds would be restricted indefinitely as the central bank monitored foreign exchange developments.

News of the policy pushed share prices sharply lower yesterday. The market's weighted index fell 3.3 per cent to close at 4,859.48.

Mrs Imelda Marcos: reaching out to supporters during her campaign for the Philippine elections in May

Aquino calls on Bush to mend rift

PRESIDENT Corazon Aquino of the Philippines has asked President George Bush to put aside bitterness between the two countries and help turn the US Subic naval base into a commercial port providing access to American warships, Reuter reports from Manila.

In a letter to Mr Bush released by the presidential palace yesterday, Mrs Aquino said the Philippine Senate's decision last September to reject a new bases treaty with the US should not damage the relationship between the two allies.

Rejection of the new treaty, which would have given the US use of Subic for 10 more years, has forced Mrs Aquino to tell Washington to withdraw its forces by year-end.

The US departure would signal an end to nearly a century of an US military presence in its former colony.

Mrs Aquino said in her letter: "It is in our mutual interest that this transition be carried out in a manner that conveys to Americans and Filipinos abroad and the world at large that we have put behind us the bitterness generated by the acrimonious bases negotiations and that we remain true friends."

Manila says it plans to convert Subic, a US ship repair yard, into a commercial port but wants the Americans to leave behind some facilities, including floating dry docks.

"I would have preferred an orderly withdrawal that would have permitted the retention in Subic of one or two of the floating dry docks and the related ship repair facilities, to be operated under mutually acceptable arrangements," Mrs Aquino said in her letter, dated February 3.

She said "a minimum of these repair facilities would need to remain in place if the US Seventh Fleet is to have access to the facilities." If the dry docks remained, US Navy ships would be given preference in their use.

A spokesman for Mrs Aquino said the dry docks were not absolutely necessary in a commercial port, but would be necessary if the port were to be used for military purposes.

It was not known if Mr Bush had replied to Mrs Aquino but an American official hinted that the US forces might take the dry docks with them when they left Subic.

Row looms over control of Hong Kong media

A ROW between China and Britain over control of the media after 1997 has grown more likely with Beijing making it known through the Hong Kong press that it opposes plans to change the status of Radio Television Hongkong (RTHK), the colony's English-language broadcaster, writes Simon Holberton in Hong Kong.

The plans, which would change RTHK from a government department to a statutory corporation, are the subject of negotiations between Britain and China.

Wen Wei Po, a pro-Beijing newspaper, has accused the British government of seeking to make RTHK independent so the network could continue to serve British interests after 1997.

Plans to change RTHK's status date from just after Britain and China signed the 1984 Joint Declaration, the basis for China's resumption of sovereignty in Hong Kong.

A government inquiry in 1985 recommended that RTHK become independent. In 1987, the government accepted the committee's advice and plans were laid for RTHK to be run by a board of governors.

The government returned to the decision in 1989, deciding that RTHK needed to be more independent and should be changed into a public corporation.

Tokyo sells $500m to strengthen the yen

By Emiko Terazono in Tokyo

THE Bank of Japan sold about $500m on Tokyo's foreign exchange market yesterday in a co-ordinated move with the Federal Reserve Bank of New York which helped push the dollar down sharply against the yen.

The unusually large sale brought the dollar down from Y128.28 to Y126.93 against the yen. The move comes at a time when Japan's trade surplus has been surging to high levels, to the embarrassment of the government, and highlights attempts by authorities to alleviate foreign criticism by strengthening the yen.

A Ministry of Finance official said later that the yen had deviated from Japan's economic fundamentals. Financial policymakers of the Group of Seven industrialised countries agreed upon a range of Y123 to Y124 for the dollar at last month's meeting in New York.

The Tokyo stock and bond markets reacted favourably to the move, as market participants associated the higher yen with lower inflationary pressure, and lower interest rates. The 10-year benchmark bond closed down 8.5 percentage points at 5.375 per cent, while the Nikkei 225 index closed above the psychologically important 21,000 level.

The bank hinted at further dollar sales if necessary.

● Overwork kills nearly 10,000 Japanese each year, in violation of basic human rights, a US-based organisation charged yesterday, AP reports from Geneva.

International Educational Development said Japanese workers put in 200 hours longer a year than their American counterparts, and 500 hours more than the French or Germans. In addition, much overtime was unpaid.

The group said this violated the right to "reasonable limitation of working hours and periodic holidays with pay", set out in the Universal Declaration of Human Rights. Employees took an average 7.9 days paid leave each year, it said.

World stock markets, page 42
Capital markets, page 23

WORLD TRADE NEWS

France accuses US of blackmail over Gatt deal

By Victor Mallet in Bangkok

MR JEAN-NOEL Jeanneney, the French foreign trade minister, yesterday accused the US of blackmail in the Uruguay round of world trade negotiations and said there was no reason to conclude a rapid agreement purely to accommodate the US elections.

Speaking to the Franco-Thai Chamber of Commerce in Bangkok along with Mr Amaret Sila-On, his Thai counterpart, Mr Jeanneney condemned Washington for focusing on agricultural trade in the negotiations and demanding what he called one-sided concessions from Europe.

"We are bound to denounce this blackmail," he said. "We and you both are victims."

He reiterated the rebuttal by France and the European Community of the draft agreement prepared by Mr Arthur Dunkel director-general of the General Agreement on Tariffs and Trade (Gatt).

In January, the EC trade and farm ministers agreed that the draft was a "reference document for the final phase of negotiations" but said that "insofar as the 'Dunkel paper' calls into question the foundation of the Community's agricultural policy, the paper is not acceptable and therefore has to be modified". The French minister yesterday suggested that the proposed March 31 deadline for concluding the deal could be set aside.

"We will not accept...a bad agreement, to beat a deadline set only by the American electoral timetable," he said.

Seen from a developing country such as Thailand, the dispute between the EC and the US over farm trade looks like an argument over the relative merits of different types of protectionism. Mr Amaret politely but pointedly contradicted the French minister and urged that Mr Dunkel's text be adopted as the basis for the final Gatt negotiations.

"Thailand believes that all countries are justified in wanting to protect their farmers and all of us have done foolish things in that regard," he said. "But we achieve nothing by finger-pointing. Thai fingers are too small to be noticed by the Europeans or the Americans anyway."

Brazil accelerates programme of tariff cuts

THE Brazilian government will today announce an acceleration of its programme to lower import tariffs as part of its fight against inflation, writes Christina Lamb, recently in Brasilia.

The measures are designed to curb the oligopolies and cartels that have been keeping their prices artificially high and thus fuelling inflation – which last month hit a monthly 26 per cent.

Under the new timetable, the next round of tariff reductions will be brought forward from January 1993 to October this year. Brazilian import tariffs are currently the highest among the large Latin American economies, at an average 21 per cent and maximum 65 per cent. In October, the average will be reduced to 17 per cent. Tariffs will be reduced further in July 1993 to an average of 12 per cent and maximum of 35 per cent.

At the same time, new export financing will be made available to foreign and national companies in an attempt to stimulate exports. Mr Marcilio Marques Moreira, the economy minister told ambassadors from Group of Seven industrialised countries last Friday that he expects exports to increase by 20 per cent on last year's $31.6bn (£17.4bn).

In a separate move, many companies and sectors have been called in to the Economic Defence Secretariat to explain "abusive price rises" and "cartel-like behaviour". Twenty-eight legal suits have been filed against companies, which could result in heavy fines. Sectors under investigation include bakers selling bread rolls at the same price and three manufacturers of cleaning materials that have been raising prices at a rate in excess of inflation.

Ms Dorothea Werneck, the national economy secretary, explains that bread prices have been government-controlled for 40 years and milk for more than 30: "There have been so many price freezes that producers are afraid to put lower prices in case they get caught out by another one."

Japan warned on bilateralism

SIR Leon Brittan, the vice-president of the European Commission, yesterday cautioned Japan against striking bilateral trade agreements with the US at the expense of Europe, writes Stefan Wagstyl from Tokyo.

Leon Brittan: concerned

Sir Leon expressed his concern during a meeting in Tokyo with Mr Kozo Watanabe, the minister for international trade and industry.

Sir Leon referred to the agreements reached between Japan and the US during President Bush's visit to Tokyo last month, which included a pledge by Japanese motor companies to increase purchases of US-made parts and to make efforts to import more US-made cars into Japan.

Sir Leon said such measures to boost imports should apply to Europe as well.

Mr Watanabe replied that Japan's import promotion policies applied equally to all countries.

The EC commission has reserved the right to call an adjudicatory panel of the General Agreement on Tariffs and Trade if it judges the US-Japan bilateral agreement to have infringed free trade rules.

● Sir Leon Brittan, whose brief covers financial services and competition policy, yesterday urged Japan to further liberalise its insurance market.

In a speech given during a visit to Tokyo, Sir Leon said a long-standing ban on insurance brokers was a major barrier to the entry of foreign insurance companies into the Japanese market. Other obstacles included very strict controls by the authorities on the wording of documents and on premium rates on non-life insurance.

Sir Leon welcomed various reforms in the Japanese financial markets, but urged further action in areas such as interest rate deregulation.

Tokyo requests urgent trade talks meeting

JAPAN has requested an urgent meeting to modify the draft agreement for the Uruguay round of the General Agreement on Tariffs and Trade (Gatt), a senior government official said, Reuter reports from Tokyo.

"I know this would reopen negotiations and might unravel them...but otherwise there will be major confusion, because not only Japan but others do not agree with the draft," said Mr Jiro Shiwaku, vice-minister for international affairs at the Agriculture Ministry.

Negotiators are expected to present their country's reply to the market access parts of the draft by March 1.

However, Mr Shiwaku said that Japan could not make its reply based on the draft because it was unfair.

"If the draft were implemented export subsidies would remain legal while import controls would become illegal," Mr Shiwaku said. Under current Gatt rules, Japan controls dairy products imports.

Japan also opposes the tariffication system – converting non-tariff farm import barriers into tariffs – because it fears that if its rice market were open, it would not be able to maintain self-sufficiency in what is its staple food.

Mr Shiwaku declined to say if Japan would refuse to reply to Gatt on March 1 over farm products to be imported under tariffs.

EBRD loan for car plant in Hungary

By Judy Dempsey

THE European Bank for Reconstruction and Development (EBRD) yesterday extended a DM125m (£43.5m) loan to help finance a new joint venture in Hungary, which amounts to the largest direct foreign investment in the country, and the bank's single largest loan to date.

General Motors Hungary (GMH), a joint venture formed by General Motors, Raba, the state-owned manufacturer, and the State Development Institution, a state financial body, will help finance a DM501m engine manufacturing and car assembly plant in Szentgotthard, western Hungary, close to the Austrian border. General Motors will hold two-thirds of the shares.

An EBRD banker said the deal would help "upgrade" Hungary's manufacturing and industrial base.

GMH aims to produce engines for General Motors Europe car assembly plants in Spain, Germany, the UK and Belgium. It also plans to assemble Opel Astra cars for the Hungarian market.

The new plant begins operations later this year, will create 600 new jobs, and at full capacity, will assemble 15,000 Opel Astras, and 200,000 engines annually.

Italy sees need for an exports revival

Robert Graham on competitive pressures biting even in areas of traditional strength

THE revival of Italy's fortunes as a leading exporter has become a matter of urgency.

This has been underlined by a two-day conference on the country's foreign trade, organised by the trade ministry and the Institute for Foreign Trade last week. The conference and its accompanying papers portrayed a picture of declining competitiveness against a background of growing international competition in those sectors where Italy had been traditionally strong, such as footwear, machine tools and textiles.

It also emphasised the significance of export earnings in an economy lacking in natural resources and heavily dependent on imported energy. This is particularly so at a time when the balance of payments is deteriorating because of lower tourist earnings, greater spending by Italians abroad, fewer emigrant remittances, high-technology payments, the increasing cost of foreign debt and a hunger for imports. This week provisional balance of payments figures for 1991 were released showing a swing from a L15,156bn (£7bn) surplus to a L8,571bn deficit in a year.

This has meant that it is no longer enough for Italy, with a traditional trade deficit, to maintain its share of world trade. That share has even increased over the last decade from 6.3 per cent to 7 per cent, although there has been a shift in trade volumes from developing countries, notably the oil producers, to the EC and other leading industrialised nations. The EC now absorbs 58 per cent of exports and Italy has done well in boosting its share of the German market.

By contrast, Italy's penetration of the North American market has remained stationary and little advantage has been taken of the Asian newly-industrialised countries.

The most disturbing trend has been a decline in the balance of trade in manufactured goods. From a high of L26,195bn in 1986 the balance has now dropped to L18,573bn. Conference papers argued the trend had begun in the early eighties but was concealed at first by relatively cheap raw material prices, especially energy.

This has been combined with a pattern of export growth in the late eighties which has been consistently behind the increases in the export markets where Italian companies are trying to sell.

There was little disagreement at the conference over where Italy's problems lay. These could be summed up as follows:

● Italy had lost its long-held comparative price advantage through rises in wage, social security and general production costs in the eighties.

● Small labour-intensive companies, the backbone of the country's export performance, had concentrated on consumer sectors where the newly-industrialised countries in Asia, of late in Latin America and more recently in eastern Europe had begun to compete.

● Small scale family-run businesses which constituted the bulk of Italian industry were ill-equipped to confront the internationalisation in the global economy where there was increasing need for sustained sophisticated marketing and after sales service.

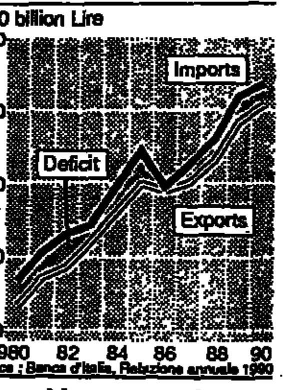
● The large companies, both public and private, had failed to invest sufficiently abroad in joint ventures and concentrated too much production domestically.

● Faced with increased competition abroad, exporters had reverted to the continued relative protection of the domestic market and were now suffering from recession.

● Small companies had traditionally financed exports out of cash flow and at a time of recession and high interests lacked export finance which anyway favoured large companies.

Italian trade

'000 billion Lire



Source : Banca d'Italia, Relazione annuale 1990

● Too much export finance had been politically motivated to favour government-to-government deals in areas of high risk.

● Insufficient attention had been paid to moving out of mature sectors and into more profitable high-technology areas such as information technology.

● The fear of Japanese competition had led Italian industry to turn its back on Japanese investment and the lessons to be learned from Japan's economic strength. As a result Italy was now importing Japanese goods produced in other EC countries.

The conference was less coherent in providing strategies for the future. There was general agreement that Italian companies had to become more international in outlook, creating more overseas joint ventures and investment.

This in turn would entail improved financial back-up from the banking system and greater concentration among small companies either in the form of co-operative ventures or through mergers.

If Italy was still to compete in such sectors as clothing, footwear and textiles, companies had to do so on the basis of quality, innovation and technology rather than price.

Behind all this lay two broader and incomplete debates. The first was whether the Italian government, like the French, should earmark and actively promote new strategic sectors.

With a large public sector and the state heavily involved in two thirds of the most technologically advanced companies, there is a clear temptation to pursue the French path. However, with a huge public sector deficit this course risks conflicting with the declared need to accelerate privatisation.

This touched on the second element of incomplete debate – the relationship between the public and private sector in Italy and the role played by politics in economic decision-making. And with an election pending in April, it is unlikely that this controversial issue will be clarified until later in the year, if then.

Economists warn of rise in UK deficit

By Peter Marsh

BRITAIN'S progress towards European economic and monetary union (Emu) may be jeopardised by large current-account deficits, a group of economists warned yesterday in a report which reflects the thinking of the opposition Labour party.

According to the economists, the current account deficit will rise by 1996 – possibly to 3.2 per cent of gross domestic product – following the expected increase in import bills as Britain moves out of recession.

Such large deficits could damage investor confidence and hinder efforts to reduce UK inflation and interest rates ahead of Emu.

The report was compiled by economists at the National Institute of Economic and Social Research, London Business School, Oxford Economic Forecasting and Warwick University. It was co-ordinated by Mr Jeremy Bray, the Labour spokesman on science and technology.

But the Treasury disputed the conclusions, saying it was difficult to look far enough ahead to predict deficits in the late 1990s. There was "no evidence" to suggest Britain would find it difficult to finance any deficits that arose, through importing money into the UK via the capital account.

Rover chief seeks Japanese-style industry strategy

By John Griffiths

BRITAIN needs a national industrial strategy, similar to that of Japan or Germany, according to Mr George Simpson, chairman of the Rover vehicles group and deputy chief executive of its parent, British Aerospace.

Mr Simpson's plea, delivered yesterday to the FT London Motor Conference, followed a sharp attack on the government's handling of the economy he which he blamed the current recession firmly on Mr Nigel Lawson, the former chancellor of the exchequer.

In the absence of a national strategy Mr Simpson warned that the "possibility of Britain re-emerging as a significant industrial force in the new Europe seems to me to be very remote indeed."

In his demand for a "managed" economy, Mr Simpson painted a picture of industry and government separated by an increasingly wide gulf of misunderstanding about the needs of industry and the conduct of the economy.

The "first lesson" the government needed to learn from the current recession was the "urgent" need to reduce the relative volatility of the UK economy compared to that of its major international competitors.

While the government could not be expected to insulate the UK from global economic upheavals, he declared, "they could – as others do – manage the domestic economy in such a way as to iron out the excessive fluctuations which continue to characterise macro-economic conditions in the UK".

● A prediction that Honda will move fairly quickly to production of 200,000 cars a year - twice the officially- declared capacity - at its plant now under construction at Swindon, Wiltshire, was made by Prof Garel Rhys, a senior motor industry economist, speaking at the conference.

Prof Rhys dismissed as a wild underestimate the "assumed" Japanese production of 1.2m vehicles a year inside the EC by 1999. He forecast that Japanese market penetration would by then be much higher than the official EC-Japan "assessment" of 16.3 per cent. It could be as high as 20.7 per cent, he predicted.

British Army shoots dead four IRA terrorists

By Our Belfast Correspondent

ULSTER politicians clashed angrily yesterday over the circumstances in which a unit of the British Army's special forces shot dead four members of the Irish Republican Army minutes after an ambush on a police station.

The Rev William McCrae, Democratic Unionist MP for Mid-Ulster, supported the "effective engagement" of terrorists, claiming the action would save lives. "I trust this is the commencement of a vigorous and determined security initiative which shall totally demoralise the IRA terrorists and ensure their ultimate defeat."

Mr Francie Molloy, a local Sinn Fein councillor, alleged the deaths arose from a "deliberate shoot-to-kill policy" by the SAS (Special Air Service) regiment. Mr Molloy claimed the security forces' action came as a direct result of last week's Downing Street security summit involving Mr John Major, the Prime Minister.

One of those killed was cleared in London last year of gun-running charges.

Kevin Barry O'Donnell, 21, had been arrested after a car chase through north London in May 1990. O'Donnell told an Old Bailey jury that he had no knowledge of the weapons found in his car and he was subsequently acquitted.

Sunday night's shooting has reopened the debate concerning the army's "Yellow Card" regulations governing the circumstances in which soldiers may open fire.

An officer guards the terrorists' truck in Tyrone yesterday

It seems security forces had advance knowledge of an impending attack and set up a surveillance operation.

A heavily armed IRA gang attacked Coalisland, Tyrone. RUC station around 10.35pm on Sunday night. Minutes later there was an exchange of gunfire near the town.

The RUC said: "Soldiers in uniform encountered a number of vehicles and armed men at Dernagh crossroads, at a car park, at St Patrick's Roman Catholic church. There was an exchange of gunfire. Four men were killed, two were wounded and are in hospital under police guard. A soldier was wounded and is in hospital.

"A heavy 12.7mm machine-gun, mounted on a hi-jacked lorry, was recovered at the scene along with several AK47 rifles."

All those killed are understood to have been members of the East Tyrone Brigade of the IRA. The unit has lost several members in confrontations with the security forces in recent years, including eight who were shot dead by the SAS at Loughall, in South Armagh, nearly five years ago.

Last week 600 extra troops were drafted into Northern Ireland in response to the upsurge in terrorism which has now left 30 people dead this year.

Late last night Mr Major met the Primate of All Ireland, Dr Robin Eames, and the Archbishop of Canterbury, Dr George Carey, in talks at Downing Street.

The meeting takes on added significance in the light of the shootings in Tyrone and the recent wave of tit-for-tat sectarian killings in the Province. Meanwhile, Mr Major has had what have been described as "positive" telephone conversations with new Irish Prime Minister Albert Reynolds.

Speaking at the meeting of EC foreign ministers in Lisbon, Mr Douglas Hurd, the foreign secretary, said the government would continue to treat Northern Ireland as a priority problem in spite Britain's impending election campaign.

He told Mr David Andrews, his Irish counterpart, that Mr Major planned to continue his recent, direct involvement in all-party talks on the province.

The Irish minister said Dublin was seeking more information on the latest killings through the Anglo-Irish secretariat in Belfast, before coming to any conclusion on where blame for the killings lay. But "there is reason to be concerned", said Mr Andrews.

The four men shot dead in Tyrone are the latest victims of a fierce struggle between undercover troops and the Provisional IRA in Co Tyrone. Over the last five years up to 20 terrorists from the area have been killed as a part of a battle for military and territorial supremacy.

The narrow country roads around the towns and villages of Coalisland, Dungannon, Coagh, Cappagh and Gallbally are now landmarks to some of Ulster's ugliest confrontations.

Effluent charges to jump 20%

By John Hunt

THOUSANDS OF industrial companies, water companies and farmers face a 20 per cent rise in the amount they will have to pay for discharging effluent into rivers and coastal waters from the beginning of April.

The polluting effluent comes from industrial plants, sewage treatment works and discharges from some farms. The total revenue the National Rivers Authority receives from administering licenses and monitoring discharges will go up £2m to £38m.

In addition to this revenue the NRA will get a grant in aid from the government of £31.8m for pollution control during the coming year.

The increased charges, announced yesterday by Mr David Trippier, minister of state for the environment, is part of the "polluter pays" principle.

Britain's biggest companies insisted, meanwhile, that they were taking their environmental responsibilities seriously, in spite of a report which said 27 of them exceeded limits for discharging effluent into rivers.

The 27, among the largest 50 companies in the FT All-Share index, were listed in a report by the Ethical Investment Research Service (EIRIS), based on records for the last three years from the National Rivers Authority (NRA) and the River Purification Boards (RPB) in Scotland.

EC pressed for TV rights code after Olympics

By Raymond Snoddy

PRESSURE IS likely to mount on the European Community in the wake of the winter Olympics to legislate on the issue of exclusive television rights to sporting events, a European commissioner warned yesterday.

There have been protests about the exclusive television rights to both the winter and summer Olympics bought by the European Broadcasting Union, and the subsequent sale of exclusive satellite rights to Eurosport, made up of a number of EBU members.

Mr Jean Dondelinger, the EC commissioner responsible for audio-visual policy, told the Financial Times Cable and Satellite Conference in London yesterday the present approach was "clearly not the right way" to serve the market.

The commission had been reluctant to intervene immediately under competition rules and possibly interfere with programmes. Mr Dondelinger said that possible legislation would be considered later this year.

He was answering questions after emphasising that the challenges posed by the development of high-definition television were as great for programme-makers as for equipment manufacturers.

He also argued that as demand for satellite television increased, the best possible management of the orbital positions of satellites would be needed to ensure that viewers received the best pictures and sound at the best prices.

Mr Jean Grenier, director-general of Eutelsat, the European satellite organisation, said the organisation was planning to create a "hot bird" by locating two satellites in the same orbit. This meant that about 40 channels could be received with a single dish from the same orbital position.

The decision, likely to be taken in the next couple of weeks, is a clear sign that Eutelsat is fighting back against the Astra television system, which is planning to offer 48 channels on a single dish by locating three satellites in virtually the same orbital position.

Mr Grenier said tests on interference between the two satellite systems showed that British Sky Broadcasting channels, in which Pearson, publishers of the Financial Times has a stake, would not be affected by interference as Astra had previously feared.

Eutelsat still believed, however, that while 60cm satellite dishes could be used in certain conditions, 80cm dishes were needed to protect against all risk of interference.

Picture of health: Robin Cook, Labour health spokesman, launches a campaign poster depicting health secretary William Waldegrave as a surgeon taking a scalpel to the NHS. Labour says the Tories want a US-style two-tier service

Government to compensate HIV victims

GOVERNMENT compensation for people infected with HIV passed through NHS blood transfusions and tissue transfers, was announced yesterday by Mr William Waldegrave, the health secretary, writes Alsion Smith.

The package, which will cost about £12m, follows a £42m scheme, announced in November 1990, to help haemophiliacs who suffered in the same way. There were 74 reports in the UK at the end of December of HIV infection in people who had blood transfusions or tissue transfers. Payments will be up to a maximum of £80,500.

The circumstances of each infected transfusion or tissue recipient will be considered individually to establish that their treatment in the UK was the source of their infection.

Labour welcomed the change in the government's position, though it criticised the delay in reaching the decision. Mr Neil Kinnock, the Labour leader, suggested the shift "may well have more to do with the approaching election than with the existing injustice to people tragically and accidentally infected with HIV."

Mr Waldegrave said the government did not accept the argument for a general scheme of "no fault" compensation for medical accidents, but ministers had decided to treat patients infected with HIV as a special case.

Complaints to assurance watchdog rise sharply

By Norma Cohen

SHARP practice among life assurance sales agents is rising steeply, according to Lautro, the self regulatory body which oversees the industry in Britain.

In its annual report on monitoring and enforcement activities in the year to June 1991, Lautro recorded a dramatic increase in the number of complaints from consumers. Most were about over-selling and the sale of unsuitable products. Complaints rose 77 per cent to over 4,000, and Lautro has made some changes in rules for members.

Lautro said that while some of the increase in complaints may reflect growing consumer awareness of the regulatory body, there is little doubt that sharp practice has increased.

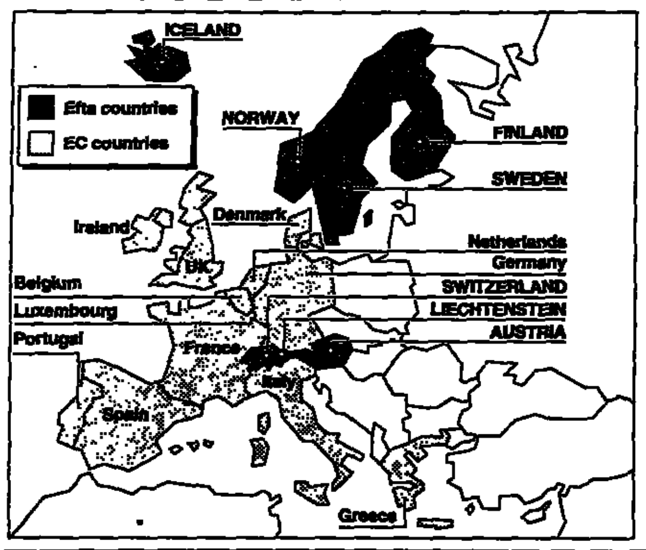
For instance, Lautro found that a majority of life assurance companies which rely heavily on tied sales agents - roughly half of all life companies - "have serious compliance shortcomings".

The companies have typically failed to comply with rules on checking of references, to curb the enthusiasm of new sales agents or to provide proper training. Failure to comply with these rules is closely linked to mis-selling.

Tied agents are those who are not employed directly by life assurance companies but sell the products of one company exclusively and receive commission for each policy they sell. Typically, insurance companies pay far higher commissions to tied agents than to independent financial advisers who sell the best product of a group of companies.

A recent study by the Securities and Investments Board found that as many as 44 per cent of policies sold by tied agents are cancelled within the first two years, an indication that the policy was mis-sold in the first place.

Lautro found a large increase in the number of investors questioning the advice received on personal pensions, particularly where sales agents had urged the transfer out of attractive occupational pension schemes into less attractive private schemes.



UK financial services to benefit from EC-Efta deal

By Ivor Owen, Parliamentary Correspondent

BRITAIN'S financial services sector should be one of the main beneficiaries from the new agreement between the European Community and the European Free Trade Association (Efta), Mr Tim Sainsbury, trade minister, told the House of Commons last night.

EC rules governing insurance, insurance, banking and securities should cover what could become the world's largest single market, involving 19 countries, he said.

All parties would be able to ratify the agreement by the end of the year following the formal initialling of the proposals in March, he added.

Mr Sainsbury was reporting to the House following the breakthrough last week in the legal logjam that had been blocking the creation of the free trade market. An earlier deal to create the market was thrown out by the EC's Court of Justice because it contained plans for a joint panel of judges for the whole European Economic Area (EEA).

The proposals will create free movement of capital, services, goods and people in a single market stretching from the Artic to the Mediterranean, MPs heard.

This would lead to "significant economic gains" for British industry and for British consumers, according to Mr Sainsbury.

There would be a mutual recognition of professional qualifications, covering accountants as well as other specialists, throughout the area.

Welcoming the agreement on behalf of the Labour opposition, Ms Joyce Quin emphasised that the parties to the new agreement should seek to promote world trade and dispel fears of a "fortress Europe" in other parts of the world.

She hoped that the agreement would be used to strengthen economically deprived regions in Britain and other countries.

The creation of the free trade area could still be threatened, however, by the European Parliament at Strasbourg.

Last week the Parliament called for any new EEA draft treaty to be resubmitted to the European Court of Justice for its opinion.

Speaking in London yesterday, Mr Kenneth Warren, chairman of the cross-party trade and industry select committee, warned the European Parliament not to look for ways of obstructing the agreement.

The EEA could be short-lived, with many Efta countries applying for full EC membership. Both sides have therefore settled for a less than legally perfect arrangement. They agreed to a legal disputes settlement procedure, under which differences over judicial interpretation of EEA laws would go to a joint EEA political committee.

The treaty still has to be ratified by the European Parliament, plus national legislatures of EC and EFTA states.

Regional funds, Page 18

BRITAIN IN BRIEF

Arthur Young fined over audit figures

Arthur Young, the accountancy firm which is now part of Ernst & Young, has been fined £100,000 by its regulatory body for failing to highlight "seriously misleading" figures in the 1984 accounts of Milbury, the collapsed house building group controlled by Mr Jim Raper, the disgraced financier.

The penalty is the largest yet imposed through the Joint Disciplinary Scheme (JDS), the self-regulatory mechanism of the Institutes of Chartered Accountants in England, Wales and Scotland, and the Association of Certified Accountants. It is also one of only a handful of large firms ever criticised.

Arthur Young "fell below the standard which should be displayed by, and which may reasonably be expected of, a firm of chartered accountants serving as auditors of a public company," a committee of inquiry set up by the JDS said.

SDP members to join Tories

Twenty-two former members of the SDP have decided to join the Conservatives.

The group, who belonged to the now defunct centrist party, said the Tories in the 1990s supported the SDP's ideas of the 1980s. They were welcomed to Conservative Central Office in London tonight by the Prime Minister.

The group includes Britain's leading chess player Nigel Short.

Lower power charges urged

Large electricity consumers are to ask Mr John Wakeham, the energy secretary, to cut their electricity bills by capping the subsidy they pay to the nuclear industry.

A group of large customers, including Blue Circle Cement and United Engineering Steel, have already threatened to stop paying the subsidy, which represents 11 per cent of their electricity bills, in April.

The Major Energy Users Council (MEUC) is meeting Mr Wakeham in the first of a series of talks designed to resolve the row over the increase in large consumers' electricity bills since the electricity industry was privatised in 1990.

Above inflation blue collar pay

Skilled factory floor workers are receiving pay increases well above the rate of inflation because employers fear there could be skill shortages when the recession ends, according to a survey of operative and clerical pay rates.

Increases averaged 9.3 per cent during 1991 for blue-collar workers in administration, catering, distribution, engineering, personnel and production, found the survey of over 1,000 companies carried out by the Reward pay research group.

Complex plan delays BR sale

The delay in publishing a policy document on privatising British Rail, the state rail network, has been attributed by government officials particularly to the complexities of the regulatory regime.

In the event of an April election, privatisation plans are admitted to be more likely to feature in the Tory manifesto than in a policy document.

Officials were keen to play down the reported differences between Mr John Major and Mr Malcolm Rifkind, the transport secretary, about the form of privatisation, and emphasised the complexity of issues such as the fare structure, which had still to be addressed.

Extra university places planned

An extra 18,000 university places will be funded next year, double the increase previously announced. Universities fear it will lead to a sharp deterioration in teaching quality unless extra resources are made available.

The Universities Funding Council, a quango which distributes state grants to universities, announced the extra places as part of an 8.5 per cent increase in funding for university teaching in 1992/3. Funds for research will rise by 11 per cent, to be distributed on a more selective basis than previously.

Ashley Ashwood

A scheme to build offices, shops and flats at Paddington Basin in West London has won planning permission from Westminster City Council. British Waterways and Trafalgar House Developments, the developers, hope completion of the first phase will coincide with the opening of the Heathrow rail express, a direct link to the airport from the adjacent Paddington railway station due in mid-1998. The development, designed by Building Design Group and Skidmore Owings & Merrill, will include 1.5m sq ft of offices, restaurants and 236 flats.

The extra places represent a 6 per cent increase on the current quota, taking the number of funded places to 322,000. The extra students have been allocated to universities with the lowest unit costs.

BA flies back to Mexico

British Airways, the UK flag carrier, is re-introducing non-stop air service from London to Mexico from March, 1993.

The service, involving three flights a week from Heathrow to Mexico City using Boeing 747 aircraft, means BA's return to Mexico for the first time since it suspended flights there in February 1983.

Action call by print unions

Workers at Her Majesty's Stationery Office are being urged to take industrial action over pay just a year after it became the first Civil Service agency to break away from national pay bargaining.

Four unions have recommended that the 2,000 non-industrial civil servants at HMSO, which prints government documents, reject the proposed deal, which they estimate is worth 3.5 per cent.

Unilever to merge concerns

Unilever, the UK-Dutch consumer products group, is to merge its British food service businesses into a single company, resulting in the loss of 220 production jobs over three years.

Chips in town

The genteel seaside resort of Frinton, on the east coast, has no pubs, burger bars, candy floss or ice cream kiosks. But now the town, a by-word for the Victorian values of a lost age, is to enter the 20th century. A fish and chip shop will open at Easter.

MANAGEMENT: The Growing Business

Back from the brink

Wielding a sharp scalpel

Michael Cassell reports on one company doctor's prescriptions

THE vast majority of people only start their own companies "because they are completely unemployable".

Given remarks like that, it is just as well that Danny Chapchal, a company doctor who has brought more than one business back from the brink, says he does not set out to be liked.

He aims, however, to win the respect of those working around him, even if he spends quite a lot of time casting doubt on the business acumen of British managers and on the commitment of the financial institutions which back them.

Chapchal is a 46-year-old accountant who started up and sold his own electronic components company in the 1960s before going on to help a string of struggling, small and medium-sized businesses back on their feet.

He is now chief executive of SQL Systems International, a Surrey-based management systems software company, after venture capitalist investors invited him in to help stem mounting losses. Subsidiaries have been sold off, jobs have gone and annual turnover has been trimmed back from £9m to £5m. The company, however, is profitable again.

Chapchal, who says he cannot function without classical music playing in the background, sees himself as a sort of corporate Furtwängler, Toscanini or Karajan.

"Furtwängler said a good conductor can turn the village band into the philharmonic but a bad one can turn the philharmonic into the village band."

There are, he says, nothing like enough good conductors within the ranks of Britain's smaller businesses. Many of the record numbers of companies now falling into the hands of receivers never stood a chance, he says, even if the economy had gone from boom to boom.

"Two basic types start companies. The minority have a brilliant idea, know where their strengths begin and end, and recognise the need to bring on board other skills right from the start. They might succeed. But the rest are super-idealists who have started out on their own because they have got fed up with big business and want to get away from controls and planning and strategy.

"The first employees are friends and everyone gets a Rover. They pretend everyone is equal and no-one takes any decisions if someone is going to get hurt.

"The end result is a terribly immature business culture in which discipline breaks down and no-one is in overall charge. I went into one company and no-one knew it was £1.5m in debt.

"Too many companies still think of management as a necessary evil. But there has to be a boss, someone to say yes and no and to focus and direct their energies. It all sounds so obvious but many new companies think they can do it differently."

Chapchal says start-ups nearly always make the same fundamental mistakes: "They invariably underestimate by half the amount of capital they require, they are under-resourced in staff terms and are slow to react to changes in relevant technology".

But surely every business has to start modestly, to learn to walk before it can run? "Absolutely, but its no good if you are even unable to crawl. If you can't begin with certain fundamental strengths, then you are going nowhere."

He joins in the chorus of criticism over the low priority afforded to research and development but says that, even when it is adequately financed, it is often misdirected.

"There is a tremendous temptation for UK companies to be technology-led, but the real challenge is to be market-led and backed up by technological know-how."

Sound professional advice, he adds, is often forsaken by small business in a "we know best" approach, although he is also withering about the general level of practical expertise among the bankers who take it upon themselves to spot winners and identify losers.

Colin Beere

Danny Chapchal: "I went into one company and no-one knew it was £1.5m in debt"

"Most of them have absolutely no comprehension of running a business. So much so, they don't even realise when things start to go horribly wrong. If a company goes bust overnight, it is not the only one at fault."

Chapchal is also critical of the investment community, which he says remains stubbornly attached to the concept of quick returns. "The average venture capitalist wants to get out within three to five years. In Europe it is five to eight years, or longer if necessary."

Chapchal says he is now looking for something big to tackle. "I've done a few smaller companies and would like to get my hands on something in deep trouble which ought not to die, but will unless it gets help. Big or small, if companies take their eye off the ball, they're out".

Fair shares for the savvy investor

Barbara Durr looks at the growth of a stock index for small US companies

In the past, small American companies had to rely on word of mouth among brave stock analysts if they wanted to see much trading in their shares.

But today, if a small firm can be included in the Russell 2,000 Index, the benchmark index of small capitalisation companies, it stands a better chance of riding the wave of popularity that small shares are currently enjoying on Wall Street.

The Russell 2,000 Index is composed of 2,000 companies with an average capitalisation of $100m.

The largest company in the index, the National Pizza Company, has a market capitalisation of $338m, and the smallest, Intertrans Corp, of $15.7m.

The Russell 2,000, created by the Frank Russell Company, a Seattle-based pension fund advisory firm, is attracting increasing attention as the values of small company shares have shot up.

Last year the index outperformed the larger and more important Standard & Poor's 500 by more than 15 percentage points. The total annual rate of return on the Russell 2,000 was 46.05 per cent, while the S&P 500 posted just 30.5 per cent.

■ Rate of return

Year to Date	Russell 2000 %	S & P 500 %
1992	8.1	−1.85
1991	46.05	30.5
1990	−19.5	−3.1
1989	16.2	31.4
1988	24.8	18.501
1987	−8.7	5.1
1986	5.6	18.2
1985	31.0	31.5
1984	-7.3	6.1
1983	29.1	22.4
1982	24.9	21.5

The vogue of small capitalisation companies appears to be continuing this year as well. The index has become something of the darling of indexers – those mostly institutional investors who match their portfolios to a particular market index. An index offers several advantages: if the portfolio is matched perfectly – that is, it contains proportionately the same stocks that are in the index – it assures a return at least as good as the index.

This helps to eliminate the risks of bad stock picks and reduces the amount of trading in a portfolio, and thus its transaction costs.

Money has flooded into the Russell 2,000 in the last few years. According to Katie Weigel, vice president for product development at the Frank Russell Company, the amount of assets indexed to the Russell 2,000 has risen from zero in 1985, the year after the index was launched, to $1.3bn at the end of 1989 and to more than $2bn today.

Money managers expect that it will continue to rise. With that kind of money being pumped into small capitalisation shares, the companies can enjoy the advantages that rising stock prices confer, such as greater ease in raising money, converting debt to equity or substituting bonds for bank debt. In addition, since in many small companies top managers are owners of shares, their own net worth increases.

Part of the reason why so much investment has flowed into the Russell 2,000 recently is that in rising markets, small stocks have better chances for growth and investors have been lured by high returns.

But Sandip Bhagat, manager of the small capitalisation stock fund for Travelers Investment Mangement Company, a unit of Travelers Insurance, said he believes that in a slow-growth, maturing economy, as the United States is now, small company shares have greater possibilities for growth.

Money managers also say that the index will continue to prosper because large institutional investors and other savvy individuals are now seeing some benefits in having a proportionate exposure to the spectrum of the market.

For example, at PanAgora Asset Management – an investment firm with $12bn (£6.6bn) under management and offices in London, Boston and Tokyo – David Beckedorff, who manages a small capitalisation fund that tracks the Russell 2,000, says that the index represents roughly 8 per cent of the US stock universe and that there are some clients who wish to invest proportionately.

Along with the S&P 500 and the S&P MidCap 400 of medium-sized companies – which respectively represent 75 per cent and 15 per cent of the stock universe – the Russell 2,000 is a building block for an index-investing strategy, said Beckedorff.

PanAgora's fund, which is open to pension funds, began last summer and has $25m in assets. It does not attempt to purchase all 2,000 of the index's shares because of a lack of liquidity in small stocks. Instead, it selects 820 stocks from the index, picking for a spread among industries and the greatest liquidity.

A similar type of selection from the Russell 2,000 is made by the Vanguard Group of mutual funds for its retail public fund that is based on the index. Gus Sauter, the fund's manager, says that his Small Capitalisation Stock Fund has mushroomed from just $18m in 1989, when it converted to track the Russell 2,000, to $170m today.

Although liquidity problems make the Russell 2,000 the most difficult index Vanguard tracks, Sauter said: "In the long run, we expect it to be a big fund". Bhagat of Travelers is also convinced the shift into small stocks is for the long-term. "These will be the better performing sub-asset class" at least until the mid-1990s, he says.

In a Nutshell

When to dial P for payment

How does a small company persuade its customers to pay? Nothing Ventured, the newsletter of the British Venture Capital Association, recounts the tale of a company that found a very effective method.

Having tried and failed with polite requests, blunt demands, personal visits from the credit controller and solicitors' letters, the small supplier ordered its staff to call the recalcitrant customer at 30-second intervals.

The telephone campaign continued for the rest of the day and restarted at 8am the next morning. The customer's business, dependent on telephone selling, seized up. By noon on the second day it capitulated and sent a cheque.

Cash flow in the workshop

In May the Institute of Directors is to launch its first series of training workshops specifically aimed at the small business director The IOD plans initially to offer one-day workshops in six different aspects of directing a small business

Market research has shown that help with cash-flow management is likely to prove the most popular module. The expected cost of the workshops is £100-£150.

Determined route to success

Determination rather than knowledge, intelligence or luck is the main factor in career success, according to a survey of managers by recruitment consultants Robert Hall.

Fifty-six per cent of respondents listed determination, followed by 'hard work', mentioned by 14 per cent. Nine per cent said good contacts were the key to success, followed by knowledge, mentioned by 7 per cent, and luck, cited by 5 per cent.

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Required as Managing Director (Designate) to drive forward the newly formed Corporate Finance subsidiary of a diversified, profitable and well known Financial Services Group.
Candidates are unlikely to be under 35 and will need to demonstrate a proven track record in Mergers, Acquisitions and Sales, M.B.O.'s, M.B.I.'s and Venture and Development Capital. An exposure to the marketing of Financial Services would also be helpful.
A proven track record of successful deals is essential.
Location is London and the initial basic financial package will be circa £50k.
In addition a meaningful profit share is envisaged.
Candidates must be assured "self-starters" capable of working effectively, profitably and politely with a substantial and wealthy existing corporate client base.

Write in strict confidence to Box H9722, Financial Times, One Southwark Bridge, London SE1 9HL

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A successful Financial Services Group is expanding into Capital Markets/Treasury Services on an advisory and broking basis.

We would like to hear from companies and highly motivated individuals who have the necessary experience and drive to succeed with us in this field.
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publishing company producing specialist annuals/guides/directories seeks publications to add to its portfolio. Expertise in marketing, telemarketing, editorial, production. Latest methods. Purchase or joint venture.
Write to Box H6538, Financial Times, One Southwark Bridge, London SE1 9HL.

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Will buy Companies involved in Motor/Retailing/Manufacturing. T/O Min 1 Million. Problem Company accepted.
Write Box No: H6542 Financial Times, One Southwark Bridge, London SE1 9HL.

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Company with substantial Case I tax losses required.
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Please reply Box H6561, Financial Times, One Southwark Bridge, London SE1 9HL.

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This one-week residential course is geared towards graduate trainees and junior middle managers requiring formal business management development and anyone who would benefit from a refresher course in business principles. The course will be held on:

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To book or request information, telephone or write to The Administrative Officer, Management Centre, Manchester Business School, Booth Street West, Manchester M15 6PB.
Telephone: 061 275 6396 Fax: 061 273 7732

MANCHESTER BUSINESS SCHOOL

BUSINESSES FOR SALE

Touche Ross

CWF Cable Limited

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of this Dorset based company:

- ☐ Supply and installation of storage systems, office partitioning, suspended ceilings and office equipment.
- ☐ The company operates from leasehold premises on the Ferndown Industrial Estate, near Wimborne, Dorset.
- ☐ Turnover approximately £850,000.

For further information please contact the Joint Administrative Receiver, Mr Harold Wilks, or Mr Michael Grieshaber at the address below or at the company's premises (Tel: 0202 876339).

Mountbatten House, 1 Grosvenor Square, Southampton SO1 2BE.
Tel: 0703 334124. Fax: 0703 330948.

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KOSHER HOTEL FOR SALE

THE NEW GLENCAIRN MANOR HOTEL
MANOR ROAD BOURNEMOUTH

- Currently operating under the supervision of the Sephardi Kashrut Authority
- 33 En-Suite Bedrooms
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- Close to sea and town centre
- Planning consent for swimming pool

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8/9 STRATTON STREET LONDON W1X 5FD

Contact Daniel Ronson — Leisure Department

Bytex International Corporation Limited

The Joint Administrative Receivers offer for sale as a going concern the business and assets of Bytex International Corporation Limited.

The company, based in Staines, Middlesex was established in 1983 and operates as a supplier of in-house video film entertainment systems (comprising hardware and movie packages) to the hotel and hospital industries.

Principal features include:

- Annual turnover in excess of £2.5 million.
- Systems installed in some 30,000 hotel rooms.
- Unique system with worldwide patent applied for.
- Leasehold premises with warehousing and office facilities.
- Experienced technical, marketing and film procurement staff.

For further information contact the Joint Administrative Receiver, Tony Thompson, KPMG Peat Marwick, Aquis Court, 31 Fishpool Street, St Albans, Hertfordshire AL3 4RF. Tel: 0727 43000. Fax: 0727 41005.

KPMG Corporate Recovery

Latham Crossley & Davis

The Joint Administrative Receivers
DAVID WOOD FCA & Peter Dunn FCA

Offer For Sale the Business, Assets and Goodwill of

MERSEYSIDE LEISURE GROUP

- Four Operating Sites 3 Freehold 1 leasehold.
- 1 Hotel
- 3 Night Clubs.
- Annual Turnover 2.5/3 million.

Offers considered individually or as a Group.

Enquiries to:- DAVID WOOD
Latham Crossley & Davis
Arkwright House, Parsonage Gardens, Manchester M2 2LE Fax: 061 835 3480

BUILDING SUPPLIES

604 Building Supplies

The Joint Administrative Receivers, N R B Godden and R M Addy, offer for sale as a going concern the business, assets and trading subsidiaries of 604 Building Supplies Limited, a well established builder's merchants based in Thrapston, Northants.

Principal features of the business include:

- 1991 turnover in excess of £7m
- 5 excellent freehold sites in the East Midlands and East Anglia at Thrapston, Earl Shilton, Market Harborough, Wisbech and March.
- Customer list in excess of 3,000 live names, consisting largely of local builders.
- Experienced workforce of 65.
- Considerable stock in hand.

For further information, please contact either Nick Godden or Keith Morgan at Cork Gully, Oriel House, 55 Sheep Street, Northampton NN1 2NF. Telephone (0604) 230799 or the group's premises in Thrapston (08012) 4495.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Cork Gully

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
KEITH D. GOODMAN F.C.A. & JOHNATHAN J. SCHAPIRA ACA
IN THE MATTER OF

SWAN HOUSE SPECIAL EVENTS LTD.

Offer for sale the licenses and goodwill attached to the following Exhibitions:-
"Power Supply Europe" (Stand income generated £921,000 in 1991)
"The Exhibition" (Stand income generated £111,000 Dec 1991)
"The Betting Shop" (Stand income generated £72,000 in 1991)
"The Health Show" (Stand income generated £278,000 in 1991)

Further information please contact:
Leonard Curtis & Co, Chartered Accountants,
30 Eastbourne Terrace, London W2 6LF
Tel: 071-262 7700 Fax 071-723 6059
REF: JMW/11

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
KEITH D. GOODMAN F.C.A. & STEPHEN D. SWADEN FCA
IN THE MATTER OF

MILLER (SHEEPWEAR) LTD.

Offers are invited for the assets business & stock of this well known Sheepskin and leather garment manufacturer. The Company operates from fully fitted freehold premises in London E2 and has a small loyal and experienced staff, which could be made available. Turnover approx. £1.1 million.

Further information please contact:
Leonard Curtis & Co, Chartered Accountants,
30 Eastbourne Terrace, London W2 6LF
Tel: 071-262 7700 Fax 071-723 6059
REF: 2 / DM

Roberts & Burling Ltd

(In Receivership)
Croydon, Folkestone, Reading & Thornton Heath

The above company trades as roofing suppliers from the above sites.

- Freehold property at Croydon, Folkestone & Reading
- Leasehold property at Thornton Heath, Maidstone, Leatherhead and Braintree
- Annual turnover approximately £6.5m
- Large customer base

The receivers offer for sale as a going concern the business and assets of Roberts & Burling Limited as a whole or as individual sites.

For further details contact the Joint Administrative Receiver: Scott Barnes, Grant Thornton, Melton Street, Euston Square, London NW1 2EP.
Tel: 071-383 5100
Fax: 071-383 4077

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Latham Crossley & Davis

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
P.S. DUNN FCA & D.A.T. WOOD FCA

Re: The Contract Furnishing Company Ltd.

OFFICE & RESIDENTIAL CONTRACT FURNISHERS

- Suppliers & Installers of complete Office and Household Furniture packs.
- National & Export Sales.
- Established Goodwill & Order book.
- Sales approx £1m p.a.

Business & Assets for Sale

Contact Ref: R.C.

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TEL: 071 407 8454

Speedball Indoor Cricket Limited

(In Administration)
Bradford, West Yorkshire

- Long leasehold property comprising
  - land (approx 1.5 acres)
  - specialist indoor sports hall (approx 15,000 sq ft)
  - ancillary area (approx 5,000 sq ft) including two bar areas
- Annual turnover £200,000

For further details please contact the Joint Administrator: Peter S Flesher, Grant Thornton, Eldon Lodge, Eldon Place, Bradford BD1 3AP.
Tel: 0274 734341
Fax: 0274 390177

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- Prime characterful location
- Close to all transport networks
- 25 beds, large conference suite

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STORAGE AND DISTRIBUTION COMPANY

- 7 year income from 36,000 sq ft 3 year old warehouse of £227,500 pa min
- 3 acres surplus development land with permission and services
- New rail siding off BR Trunk route
- Close to Poole docks and major traffic routes

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Fox & Sons Commercial
0202 291117

COMPANY MANAGEMENT BUSINESS

with residence, desirable area, good income, Isle of Man. Low tax, no capital or inheritance taxes. Suit administrator, accountant, banker and wife. Retirement sale. Freehold and goodwill £250K.

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BUSINESSES FOR SALE

PUBLISHERS AND DISTRIBUTORS

Harrap Publishing Group Limited

The Joint Administrative Receivers, C J Hughes and M J London, offer for sale the business and assets of this long established publisher specialising in Dictionaries, Travel guides, Reference Books and Self Study Language Aids with a strong Pan European base.

Principal features of the business include:

- Annual turnover £10m
- *One of the leading bi-lingual Dictionary publishers*
- Established customer base
- Strong brand recognition with rights to over 400 titles
- In the forefront of *publication of junior European language learning aids*
- Considerable scope for international expansion of existing portfolio

For further information, please contact Malcolm London, Joint Administrative Receiver at Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ. Telephone: 071-606 7700. Fax: 071-606 9887.

Or David Cowan/Janet Scott at the company on: Telephone: 081-313 3484. Fax: 081-313 0702.

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Cork Gully

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Super Small Hotel : Beautifully restored Town House. 6 Double rooms en suite. Highly acclaimed by RAC. Highly commended by STB. 3 Crowns. Double Garage. Well established Business with high occupancy and good net profit. Genuine reason for sale. £295,000 ono Telephone 031 557 9030

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Clean company with £340K non-trading losses. Quick sale. *Write Box H8547 Financial Times, One Southwark Bridge, London SE1 9HL*

£750,000 tax loss

Offers invited for a software company with solid vertical market applications plus the above agreed tax loss.

Write Box H6537 Financial Times, One Southwark Bridge, London SE1 9HL.

PROFITABLE SMALL STAFF

recruitment company. Two High Street branches close N. London. Offers invited. Ref RL/ESD7.

Enquiries in writing to Savoy Registrars, 155 Gower Street, London WC1E 6JB.

CALIFORNIA COMPANY FOR SALE US $800,000 All Sport Star Badges. US Baseball / US Football Licenses in place. Similar to baseball cards, superior, patented. 100 countries. US $50 Million potential. *Must come to Calif to evaluate.* ICW, Martin, FAX 310 322 4475.

ELS Limited

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of the ELS Limited group of companies operating as furniture, carpet and electrical retailers throughout England and Wales.

Principal features include:

- Sales of over £50 million per annum.
- Retail selling space of approximately 1 million sq.ft.
- Nationwide coverage via network of 39 leasehold stores.
- Opportunities to purchase freehold premises.
- Full and part-time workforce of 550 employees.

For further information contact the Joint Administrative Receiver, Philip Ramsbottom, KPMG Peat Marwick, 7 Tib Lane, Manchester M2 6DS. Tel: 061 832 4221. Fax 061 832 7265.

KPMG Corporate Recovery

TROUSER MANUFACTURERS

Grantwear (Leeds) Limited

The Joint Administrative Receivers offer for sale the business and assets of this trouser manufacturing company which supplies men's and ladies' trousers to high street retailers and specialist sports shops.

Principal features of the business include:

- Turnover c. £3.5 million
- *Fully equipped factory and warehouse - freehold available*
- In-house design and "cut, make and trim" facilities
- Current order book approximately £1 million
- 120 experienced staff

For further information please contact Linda Morrell at Cork Gully, Albion Court, 5 Albion Place, Leeds LS1 6JP. Telephone: (0532) 457332. Fax: (0532) 434567.

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Cork Gully

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FAMECRAFT LIMITED
(In Administrative Receivership)
t/a THE CHERRY TREE HOTEL, KNOWSLEY, MERSEYSIDE

The Joint Administrative Receivers offer for sale the business and assets of this freehold hotel prominently located close to the motorway network:

- 50 letting bedrooms with en-suite facilities
- purpose built function room erected in 1990
- conference and banqueting facilities for up to 200 persons
- restaurant (50 covers)
- turnover year ended 31 December 1991 £488,000

For further details please contact:
Stephen Quinn or David Witty
BDO Binder Hamlyn
Scottish Provident House
52 Brown Street
Manchester, M2 2AU
Telephone No: 061 831 7121
Fax No: 061 833 0669

BDO BINDER HAMLYN

Chartered Accountants

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The Baverstock Hotel

The Joint Administrative Receivers offer for sale as a going concern the business and assets of Contradeal Limited (trading as The Baverstock Hotel).

The three star freehold hotel is situated on the fringes of the Brecon Beacons, near Aberdare, South Wales.

Principal features include:

- 53 en-suite bedrooms.
- Restaurant and large bar.
- Substantial conference and function facilities to seat approximately 440 persons.
- Planning permission to erect a further 41 bedrooms and indoor swimming pool.
- Freehold site which amounts to approximately 3 acres.
- Detached bungalow.
- Annual turnover of c.£750,000.

For further information contact the Joint Administrative Receiver, Alastair Jones, KPMG Peat Marwick, 2 Cornwall Street, Birmingham B3 2DL. Tel: 021 233 1666. Fax: 021 233 4390.

KPMG Corporate Recovery

AUCTION

PUBS. HOTELS. RESTAURANTS.

Guide Prices from

£50,000 - £600,000

2.00pm Thurs. 27th February
New Connaught Rooms,
Kingsway, London, WC2.

CHRISTIE & Co

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Allglass Limited
(In Receivership)

The Joint Administrative Receivers offer for sale the business and assets of Allglass Limited.

- *Major wholesaler of glass with one retail outlet.*
- 'Blue Chip' commercial and domestic glazing contracts.
- Annual turnover approximately £6/7 million.
- 100 employees.
- Located in Ruislip and Sheffield.

For further information, please contact: Antony Lomas, Price Waterhouse, No.1 London Bridge, London SE1 9QL. Tel: 071-939 3000. Fax: 071-939 5566.

Price Waterhouse

DESSERT MANUFACTURER

The leasehold factory and goodwill of a west country dessert manufacturer is offered for sale by its present company due to rationalisation.

- £1.5m turnover p.a.
- Profitable
- Modern plant and equipment to retail standards.

Only principals interested in a cash purchase should apply.

Write to box H6550, Financial Times, One Southwark Bridge, London SE1 9HL.

Profitable Precision Turned Part Business in West Midlands

- Turnover 1.5M
- Order book 250K inc Blue Chip companies
- BS 5750 approved
- Purchaser sought to allow group to concentrate on core business.

Write Box H6546, Financial Times, One Southwark Bridge, London SE1 9HL

Datatech (Automation) Ltd.

The Joint Administrative Receivers offer for sale as a going concern the business and assets of Datatech (Automation) Ltd.

The company, based in Welwyn Garden City, Hertfordshire, is in the electronics industry specialising in the design and manufacture of printed circuit boards.

Principal features include:

- Annual turnover in excess of £500,000.
- Modern leasehold premises.
- Plant and machinery.
- Established customer base.

For further information contact the Joint Administrative Receiver, Tony Thompson, KPMG Peat Marwick, Aquis Court, 31 Fishpool Street, St. Albans, Hertfordshire AL3 4RF. Tel: (0727) 43000 Fax: (0727) 41005

KPMG Corporate Recovery

A&R Hughes (Academy Garage) Ltd
(In Receivership)

The assets of the above company are available for sale comprising:

- Main dealership premises in Mold, North Wales consisting of extensive freehold modern showroom, repair shop and office accommodation which has been completely renovated within the last eighteen months.
- Main combined dealership premises near Wrexham consisting of freehold purpose built showroom, repair shop and office accommodation together with a Petrol station.
- 1991 turnover exceeding £4m.
- Both sites have modern and well maintained workshop equipment.
- Both sites are MOT approved testing stations.

For further information please contact:
The Joint Administrative Receiver, AJP Brereton FCA, Price Waterhouse, York House, York Street, Manchester M2 4WS. Telephone: 061-228-6541. Fax: 061-236 1268.

Price Waterhouse

Chic-Wood Buildings Limited
Chic-Wood Sales Limited
(In Receivership)

The Joint Administrative Receivers offer the assets and businesses for sale as going concerns.

- *Manufacturer of pre-fabricated timber and systems buildings* with hire fleet of 50 portable buildings
- Caravan Council approved
- Trading from leasehold premises of 28,000 square feet in *Batley, West Yorkshire*
- Turnover £1.5 million with 20 skilled and experienced employees
- *Freehold Mobile Home Park on 1.5 acres at Queensbury,* West Yorkshire
- *Freehold development land of 4 acres at Thornhill,* West Yorkshire

For further information please contact the Joint Administrative Receiver

Michael Hore

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Telephone: 0532 459631 Fax: 0532 452823
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BUSINESS FOR SALE

Tuesdays, Saturdays and NOW Fridays

For further information and to advertise in this section please contact

Melanie Miles on 071 873 3308

FINANCIAL TIMES

Royal Stafford China Ltd.
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale as a going concern the business and assets of Royal Stafford China Ltd, a well-known producer of quality bone china for *both retail and hotel markets,* established in 1845.

Principal features include:

- 90,000 sq ft freehold factory in Burslem, Stoke-on-Trent.
- Modern plant and machinery - £1.5m investment in recent years.
- Strong product and design base.
- Turnover:- 1991/92 £2.6m
- Forecast:- 1992/93 £3.7m
- Prestigious order book £600k
- 135 employees including experienced management team.

For further information contact the Joint Administrative Receiver, David Milburn, KPMG Peat Marwick, Festival Way, Stoke-on-Trent, Staffordshire, ST1 5TA. Tel: 0782 216000. Fax: 0782 216050.

KPMG Corporate Recovery

CAR DEALERSHIP

The Joint Administrative Receivers offer for sale as a going concern *the business* and assets of Hailey Park Motor Company Limited.

Principal *features comprise:*

- A car dealership which is currently trading under a Saab franchise
- Purpose built leasehold premises situated in Cardiff comprising showroom, workshop and office accommodation
- Modern workshop equipment
- Established and experienced workforce
- 1990 turnover exceeding £2 million

For further information please contact:
Paul W Harding or Nigel B Davies
Pannell Kerr Forster
18 Park Place
Cardiff CF1 3PD
Tel: (0222) 378781 Fax: (0222) 388455

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Almost 270 feet road frontage. Substantial and very valuable freehold property, now offered for sale on retirement.

PRICE GUIDE: EXCESS £850,000

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203 SLAD ROAD, STROUD
GLOS. GL5 1RJ

M & E SERVICE COMPANY

Specialist M&E, refrigeration and air conditioning company based in greater London wishes to merge its activities with a similar business. The core business is service and maintenance contracts with Blue Chip customers. Sales of £600,000 pa. GP 30 percent. Owner wishes to emigrate.

Write to "Stenlawn Investment Ltd"
31 Canons Hill, Old Coulsdon, Surrey, CR5 1HB

TECHNOLOGY

Services grow on branches

Barclays, the largest of the UK banks, has launched a six-month trial into a new generation of automatic teller machines which carry out functions previously performed by bank staff.

The NCR machines, which include full-colour touch screens, have been installed at nine locations across the UK for customer trials which will last until June and cost £800,000. The bank will then decide whether to install self-service touch-screen banking in all of its branches.

Barclays believes that its trials go further than any other bank has done so far in providing an all-round branch service through ATMs.

Customers can get the following services:

- Personalised information on mortgages or insurance with on-the-spot quotations.
- Information on their standing orders and direct debits.
- Travellers cheques and foreign currency.
- Travel insurance.

Customers get access to the system through their cash cards, though anyone can use the terminals to gain information about mortgages and insurance products by answering a series of questions.

Each ATM contains a dot-matrix printer and customers are given print-outs of information ranging from bank statements to insurance quotes. The basic cost of each machine is £12,000, not including software and installation costs.

The machines are designed to have as short a turn-around period for each transaction as possible.

Andrew Bailey, manager of self-service banking, who is in charge of the trials, says: "We have been pleasantly surprised by the number of people who try out the services."

Barclays has not given details of the possible roll-out it is planning for the ATMs after June, but the implications for many of its 2,600 branches are far-reaching. The trial is being carried out in small towns such as Selby and Wantage, as well as in London and the home countries.

David Barchard

Computers are predicting the spending patterns of British consumers, writes **Peter Marsh**

Life in a snapshot

You are the maker of a new consumer widget which you think appeals to the thirty-something social climbers among Britain's middle classes. How would you find out which part of the country would be most appropriate as a test market?

You may be helped by a new package of information about Britain's social and economic fabric due to be assembled over the next few years.

In a new study, researchers at Essex University are to track the lives of about 10,000 individuals chosen at random from around the UK. The survey staff will return to the individuals each year to see how their lives have changed.

The research will provide a view not just about, say, the numbers of people who own a video recorder – but the way in which ownership patterns change depending on individuals' circumstances.

On a macroeconomic level, the study should also shed light on how decisions by millions of individual consumers come together to influence spending patterns in the economy. This area is of particular relevance in the current recession. The recovery has been held back by weak levels of consumer spending – an area which accounts for two-thirds of gross domestic product.

The information from the Essex study will be contained in a computerised database, which will be available to commercial groups such as market researchers and consumer-goods companies. It should be possible for businesses with the relevant computer equipment to connect up their offices to the database over the telephone system.

Ultimately, the data will be linked with similar information about social change in other European countries, providing a snapshot of how life across the continent differs.

Working on the British Household Panel Study is a 35-strong team of sociologists, economists and computer technicians. The group is backed with £5.5m by the government's Economic and Social Research Council. Results from the study will be available from the council's data archive unit, also based at Essex.

All the people selected in the study will be interviewed on an annual basis, starting later this year, to discover information about subjects such as income, health and employment. The individuals will also be questioned on their living accommodation, the kind of goods and services they purchase and political views.

From the research should emerge a new perspective on life in Britain. Other surveys, for example those organised by the Central Statistical Office or the Employment Department (see panel), provide a view of the proportion of the population who own particular types of goods, have specific illnesses or work in certain jobs.

But while nearly all of these projects build up information by interviewing on a regular basis different groups of people, the Essex study will be the first large-scale UK study to return to the same individuals each year.

As a result, the project should obtain not only information about social and economic change, but insights as to how and why groups of people move between different levels in society, judged by their incomes and other factors.

David Rose, acting head of the Essex team, says: "Our analysis will be going much deeper than other surveys. For example, we will be able to find out not just how many people are below the poverty line, but what kind of people they are."

Although the data will be used primarily by academics, the information could also help companies. A business selling household equipment, food or consumer magazines could, for instance, use the information to obtain a detailed sociological profile of individuals in a specific part of Britain.

Such a company will be able to determine at what rate people in a specific region and age group are becoming owners of video players, buying baked beans on a regular basis or installing double glazing. That could help businesses to target marketing efforts.

Other areas of research which will be helped by the study include:

- The labour market. The study should provide extra information about career patterns, why people move between specific jobs and how these factors are influenced by aspects such as education, health and income.
- How households make spending decisions. The degree to which households are willing to run down savings to fund consumer purchases or move house will be one aspect under study. The project might also shed light on how general consumer confidence affects spending decisions.
- Transitions in and out of poverty. Key influences such as education, family background and social or political views will come under study.
- Housing. The study will obtain a snapshot of views from people about the desirability of renting or buying houses, together with details about why they move and specific difficulties such as availability of accommodation and finance. That should provide a mass of extra information about the housing market.
- Health. Links between individuals' health and other aspects of their lives such as age, income and employment will also be explored.
- Values. The study should provide new information on shifts in ideas among specific segments of the population in areas such as equality, freedom, fairness and political thinking.

Extra and more timely information about the UK labour market will emerge later this year as a result of improvements to the Employment Department's labour force survey.

The survey is to be conducted quarterly, instead of annually. Partly as a result of greater use of computers, results from the exercise will become available in six months, halving the current waiting period. The data will be useful for economists, businesses and politicians who are attempting to monitor changes in the numbers employed and out of work.

The new exercise builds on the department's existing labour force survey, one aim of which is to provide a check against the department's monthly unemployment statistics. These are based on the numbers of people who claim unemployment benefit at government job-centres, and so provide only a relatively superficial view of the jobs market.

Results from the first of the quarterly surveys, based on research taking place over the next three months, will be published in the autumn. After this, new results will emerge on a three-monthly basis.

The relatively short time between the research and publication of results will increase the survey's relevance. It is a considerable improvement on the waiting time of one year which applies to the current, annual survey. The results from the 1991 survey are still collated and are expected to become available by early next month.

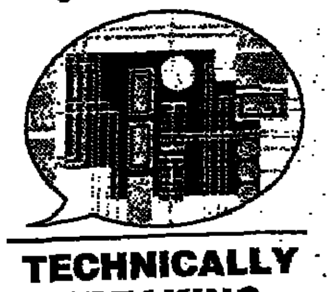
The format of the survey remains much the same as before. Interviewers employed by the Office of Population Censuses and Surveys gather information from a random sample of about 120,000 people in 60,000 households around Britain. In this way, the survey determines broad trends, in areas such as training, shifts between different types of work and the periods specific groups of unemployed people have been without jobs.

While up to now the interviewers have recorded answers on paper, in the new quarterly survey they are using Toshiba hand-held computers. By plugging their machines into a central computer over the telephone network, the interviewers can feed data to government statisticians more quickly, helping to speed up the job of analysis.

Also contributing to a reduction in the waiting time is that the job of collecting and analysing the information has been given to a new 200-strong team at the OPCS, which the Employment Department says will produce results more quickly. The department says the cost of producing the four surveys a year is less than four times that of the annual survey.

Swiss vote yes to animal testing

By Ian Rodger



TECHNICALLY SPEAKING

The Swiss are generally known to be sensible about most things, but they have developed a surprising tendency recently to shoot themselves in the foot.

Thus, there was considerable anxiety in some quarters as the latest in a long series of referendums on the difficult question of animal rights approached.

On Sunday, the demand by animal rights activists that nearly all experiments on animals be halted was rejected by an unexpectedly large 60 per cent majority.

Strong popular opposition to genetic engineering experiments has already driven the three big Basle-based chemical and pharmaceutical groups, Ciba-Geigy, Roche and Sandoz, to shift a significant portion of their research and development activities out of the country.

However, neither side can take much comfort from Sunday's result.

For one thing, it was preceded by a brutish campaign that shed little light on the troubling issues raised by the use of animals in scientific experiments and in the testing of products aimed at humans.

For another, the animal rights campaigners already have another referendum proposal in the works, so there is little doubt that the Swiss are going to have to face the issues again.

Animal rights activists have long appealed shamelessly to people's emotions in their campaigns, presenting heart-rending photographs of cuddly animals in pain. In this campaign, their opponents responded in kind with posters showing a person suffering from cancer or Aids, and punching home the message, "We must not let him down".

There was almost no serious discussion of the potential for developing further alternatives to the use of animals in R&D or of improving the delineation of limits and controls on the practice.

The animal rights campaigners would argue that their proposed amendment to the Swiss constitution did attempt to set reasonable controls but it was a sly text. It said that all use of animals should be forbidden unless it could be shown that an experiment would be of "decisive significance for the preservation of human or animal life or the relief of considerable suffering." It is, of course, in the nature of R&D that the results of an experiment cannot be known in advance.

The scientific community, led by the big pharmaceutical companies, stood on its record and on the lack of alternatives to the use of animals for some vital experiments. The companies claim a 50 per cent reduction in the use of animals in experiments since the mid 1970s.

But how much credit is due to them and how much to the Swiss government which, goaded by animal rights activists, has cracked down on perceived excesses, is debatable.

Nevertheless, it does seem that frivolous uses, such as in cosmetic testing, are on the way out, leaving only two hard core types of animal use. First, most basic biochemical experiments must be carried out on fresh tissue, and so there would seem to be no alternative to the large-scale use of mice – other than to curtail the experiments. Second, for testing new pharmaceutical products, there comes a point when a compound has to be tested on a live, complex organism so that all its actions can be discovered.

In the area where only fools and knaves could comfortably provide firm direction, it is probably a good thing to have a mechanism for a fairly regular public review of current practice and thinking – even if the actual debate is less enlightening than one might hope for.

Perhaps the Swiss have not lost their touch after all.

LEGAL NOTICES

MAXWELL MEDIA TRUST PLC
(IN ADMINISTRATION)
NOTICE OF MEETING IN ADMINISTRATION PROCEDURES

Notice is hereby given that a meeting of creditors is to be held at Andersen Consulting, 1 Arundel Street, London, WC2R 3LT, on 28 February 1992 at 3.00 pm. to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors.

J.A. TALBOT, A.W. BRIERLEY,
M. FISHMAN, M.L. McKILLOP
Joint Administrators

LEGAL NOTICES

Registered in England and Wales
Company No 2361020
ASHSAR LIMITED
NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at Shelley House, 3 Noble Street, London, EC2V 7DQ on 21 February 1992 at 11.00 am for the purpose of having laid before it a copy of the report prepared by the Joint Administrative Receivers under Section 48 of the said Act. The meeting, may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:-
(a) they have delivered to us at the address shown above, no later than noon on 20 February 1992, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.
Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable. R M Addy. Joint Administrative Receiver, 6 February 1992.

Note: Creditors may obtain a copy of the report, free of charge, on application to the Joint Administrative Receivers at the address shown above.

Registered in England & Wales
Company Number 1185304
POLLARDS MOTORWAY SERVICES LIMITED
Principal Place of Business: Speed-on-Garage, Clarence Street, Dinnington, Sheffield S31 7NA

Notice is hereby given, pursuant to Section 48 (2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at 1 East Parade, Sheffield, S1 2ET on 13 February 1992 at 11:30 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. D J Stokes, Joint Administrative Receiver

Insolvency Act 1986 S46(1)(a)
Insolvency (Amendment) Rules 1987 3.2
Form 3.1A
Notice of appointment of joint administrative receivers.
RICHMOND STEELS LIMITED
Registered number: 01665895. Nature of business: Steel Merchants. Trade classification: 15. Date of appointment of the joint administrative receivers: 7 February 1992. Name of person appointing of joint administrative receivers: National Westminster Bank plc
JOHN FREDERICK and DAVID JOHN CORNEY, Joint Administrative Receivers (Office holder nos 2695 and 1869) Cork Gully, 43 Temple Row, Brimingham B2 5JT

Insolvency Act 1986 S46(1)(a) Insolvency (Amendment) Rules 1987 3.2
Form 3.1A
Notice of appointment of joint administrative receivers.
VACFORM PLASTICS LIMITED
Registered number: 577390. Nature of business: Plastics Processors. Trade classification: 11. Date of appointment of joint administrative receivers: 3 February 1992. Name of person appointing the joint administrative receivers: National Westminster Bank Plc
IAN NAPIER CARRUTHERS and DAVID ROBERT WILTON, Joint Administrative Receivers (Office holder nos 814 and 292) Cork Gully, 43 Temple Row, Birmingham B2 5JT

Company Number 1828385
Registered in England and Wales
SITE RESEARCH ASSOCIATES LIMITED
Principal Place of Business:
St Mary's Bridge, Doncaster, DN5 9AQ
NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at: 1 East Parade, Sheffield, S1 2ET on 11 February 1992 at 12.00 noon for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. D J Stokes, Joint Administrative Receiver.

Insolvency Act 1986 S46(1)(a)
Insolvency (Amendment) Rules 1987 3.2
Form 3.1A
Notice of appointment of joint administrative receivers
CENTRAL GARAGES (HENLEY) LIMITED
Registered number: 2086614. Nature of business: Car dealer and servicing. Date of appointment of the joint administrative receivers: 30 January 1992. Name of person appointing the joint administrative receivers: The Governor and Company of The Bank of Scotland
Christopher John Barlow and Christopher John Hughes, Joint Administrative Receivers (Office holder no 552 and no 2041) Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ.

Company Number 1532613
Registered in England and Wales
PROSPECT CONSTRUNCTION (SOUTH YORKSHIRE) LIMITED
Principal Place of Business: Plumbley View, High Lane, Ridgeway, Sheffield

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at: 1 East Parade, Sheffield, S1 2ET on 24 February 1992 at 12.00 noon for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. D J Stokes, Joint Administrative Receiver, 7 February 1992

Insolvency Act 1986 S46(1)(a)
Insolvency (Amendment) Rules 1987 3.2
Form 3.1A
Notice of appointment of joint administrative receivers
DIGITAL DESIGN SERVICES LIMITED
Registered number: 2545451. Nature of business: Computer Services Bureau, Trade Classification: 36. Date of appointment of the joint administrative receivers: 5 February 1992. Name of person appointing of joint administrative receivers: National Westminster Bank plc
IAN NAPIER CARRUTHERS and DAVID ROBERT WILTON, Joint Administrative Receivers (Office holder no 6682 and no 5708) Cork Gully, 43 Temple Row, Birmingham B2 5JT.

MAXWELL MEDIA PLC
(IN ADMINISTRATION)
NOTICE OF MEETING IN ADMINISTRATION PROCEDURES

Notice is hereby given that a meeting of creditors is to be held at Andersen Consulting, 1 Arundel Street, London, WC2R 3LT, on 28 February 1992 at 2.00 pm. to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors.

J.A. TALBOT, A.W. BRIERLEY,
M. FISHMAN, M.L. McKILLOP
Joint Administrators

ARTS

Stockhausen and Parker

QUEEN ELIZABETH HALL

Markus Stockhausen, the eldest of the composer Karlheinz's assorted offspring, is a highly expert and musical trumpeter, and several of his father's works contain prominent parts designed for him. But he has also taken up jazz-based improvisation, which is something out of the senior Stockhausen's range; and on Saturday he chose to share a concert with Evan Parker, a renowned improviser on the saxophone.

On the original plan, Parker was to improvise alone throughout the first half, and Markus (plus electronics) to fill the second half with extracts from Karlheinz's music and improvisations thereon. In the event they decided to play turnabout all evening: better programme-planning, no doubt, but bemusing in the absence of a corrected programme-leaflet. Except for the opening and the "Farewell" from *Donnerstag*, one of the composer's projected seven-day cycle of operas, which duly began the concert and ended it, we rarely knew exactly where we were.

Certainly the famous *Gesang der Jünglinge*, widely held to be a (perhaps *the*) masterpiece of electronic music, came late instead of early, as printed. The audience was reduced to guessing which other items were which, and which ones might be pure Markus improvisations. Perhaps it didn't matter. For all his jazz leanings, Markus has been steeped in the hieratic manner of his mystagogical parent, and he delivered every note and phrase as if there were an aura around them, fraught with gnomic meaning. One could go along with that: the Markus trumpet is like a clarion human voice, individual, appealingly open and persuasively confident, and it compels a sympathetic response.

Evan Parker's virtuoso improvisations have a quite different stamp. He sustains near-orchestral textures on his solo sax, with continuous torrents of patterned notes defining two or three different bands at once – and in distinct timbres, too! It is astonishing to hear (obviously he must exploit a "circular breathing" technique of a very advanced order), not least because a palpable musical impulse guides the free development of his sumptuous material. "Personal expression" hardly comes into it: Parker's elaborate constructions carry their own speaking but untranslatable force.

In the spirit of old Carl Ruggles' *Angels*, the *Donnerstag* close, for multiple soft brass, is gravely beautiful. (Since his "Zodiac" pieces, Stockhausen has often gone in for quasi-chorales in this restrained style.) Young Markus added his poignant trumpet-voice to the taped ensemble; whilst Parker took up a soprano sax – or was it a sopranino? – to warble a gentle descant. Even the crustiest, most shell-backed ear would have been struck by how lovely it sounded, on and on and on.

David Murray

Concepts which make their mark

William Packer discusses the work of Ian Hamilton Finlay

Ian Hamilton Finlay is a reclusive and controversial figure, as combative a polemicist as he is rigorous in his address to the personal aesthetic of his work. Pity the poor ratings officer who treads too light a path to his door, or the unwary critic whose too easy reading of the work, and more casual utterance, soon betray him.

Finlay is a conceptual artist, which is to say that the work is always the vehicle to the particular idea, to which it gives physical embodiment and presence. Its expression invariably combines image or object with a text or inscription of some kind. That this last should be so often gnomic or inscrutable serves simply to give this intellectual content, or aura of intellectuality, an added force. Mere ambiguity, by contrast, comes as blessed clarity and relief.

Now in his late 60s, he has lived at Stonypath, his "Little Sparta" in Strathclyde, since 1966. There he has made the garden itself both his studio and gallery, the only true context and setting for his work. He never leaves. The world must come to him on his terms, which is a fine trick if you can bring it off and sustain it by the qualities of what you do. What Finlay does is to conceive of the informing idea and then to commission the actual expressive object – the carved stone, the plaque with its lettering, the bronze, the print, the symbolic item – from the latest craftsmen in whom he has come to place absolute confidence.

Exhibitions of the work that comes from so detached a process are not over-frequent. Finlay is an anxious perfectionist and his inevitable absence from the seat of practical debate, as the show comes together, hardly helps. Misunderstandings and quarrels with curators, administrators and dealers are common enough, last-minute cancellations not unknown. To the embattled artist such creatures are the enemy.

But the shows do go on, or up, and it happens that two such are now in London. *Instruments of Revolution & Other Works* occupies the Institution of Contemporary Arts (The Mall SW1, until April 5, then on to Leeds and to the Yorkshire Sculpture Park at Wakefield), and Victoria Miro (21 Cork Street W1, until April 3) is showing *10 Maquettes for Neo-Classical Structures*. While in no sense retrospective, together they give us enough of the true flavour of the man and his work at their most serious, fascinating and successful – and precious, and tiresome.

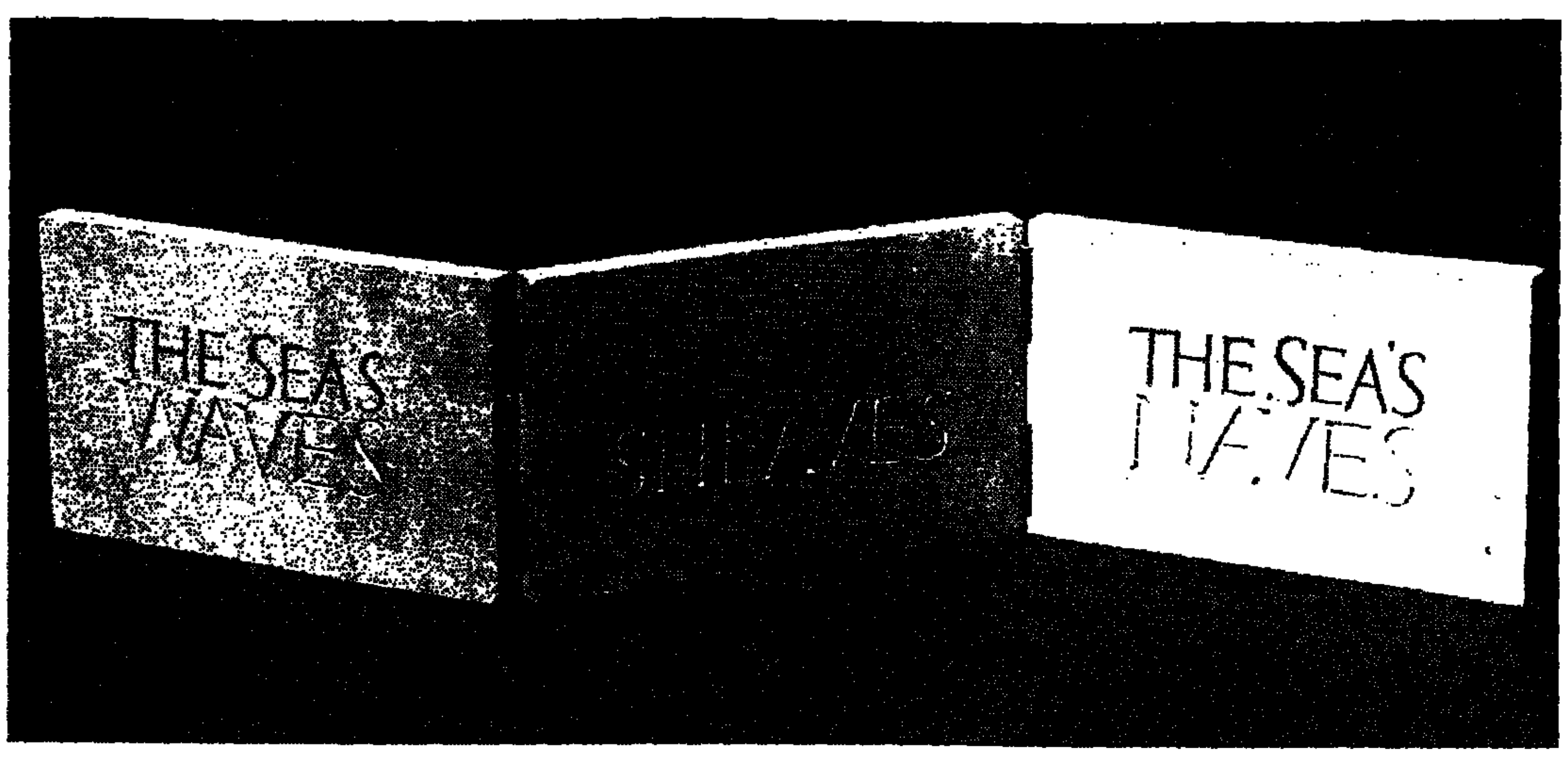
Finlay is as much a romantic as he is a classicist, a poet as likely to be seduced by the poetic dream as puritan in thrall to his severe ideal of perfectibility. Apollo pursues his Daphne whom he must lose, his dream turning to wood before his eyes, just as Saint-Just and Robespierre must lose their Republic, though they themselves would be the ones to be destroyed. "And even as she fled/ the Republic charmed him ... He on the wings of Love/ She on those of Fear." Finlay is alive to every irony.

His imagery is that of revolutionary sentiment; transformation and contradiction; and the general follies of mankind, making frequent use of puns and obscure erudition. The French Revolution in particular stands as an abiding theme in his work, as much for the loftiness of the hopes and aspirations that inspired it as for its abject and bitter failures and cruelties. It is for him a true image of all human enterprise.

At the ICA a set of inscriptions on slate walls marks the decade of the Argentine strike at San Carlos Water. "Transformations of Fire/ First San Carlos Water/ But half the Water is Earth/ Half Lightning Storm." "Fure coming on/ Will discern/ And catch up/ With all things." "Exocet steers all." These are declared Heraclitan sentiments: Heraclitus, the philosopher who held that the world was created from fire. Of a naturally melancholy disposition, so Lempriere tells us, he passed his time in a solitary, unsocial manner. He was called the mourner, "from his unconquerable custom of weeping at the follies, frailty, and vicissitudes of human affairs." Rendered rambling and unintelligible to his doctors by a dropsical complaint brought on by a voluntary diet of grass, he retired to a dunghill in vain hopes that the natural warmth would effect a cure. His sad story is a lesson to us all.

Finlay's Instruments of Revolution are implements variously set and inscribed: a hoe – *osez*; a spade – *Ventose*; a sickle; a wheelbarrow; a light machine-gun; three watering cans – "Robespierre, Saint-Just, Couthon"; a beribboned axe in a block – "la Revolution est un bloc"; the blade of the guillotine. Upstairs the room is full of tiny hinged wooden pieces, each to its own plinth and very simple, that stand open to reveal text, or sun-dial image, on their plane faces: "Water's Edge/ Water Sedge", "Sheepcote/ Dovecote/ Whichcote", "pebbled brook/ freckled freshet/ strong stream": poetical, fey, irritating by turns.

But, as with the ten maquettes at Victoria Miro, what justifies the work is not the force of sentiment or idea as such that it supports, but rather the sense of its objecthood, its physical being. That this should be so is, in the circumstances, remarkable – a true feat of imaginative appropriation on the artist's part. There is never a doubt that these strangely eloquent things are Finlay's very own. In this respect these new maquettes – obelisks, columns, pyramids and arches with their elegiac lapidary inscriptions – are as successful as anything he has done. "Edifice – the seat or summit of reason": "all greatness stands firm in the storm".



'The Sea's Waves', by Ian Hamilton Finlay (with Stuart Barrie), 1971. Finlay's work is being exhibited at the ICA and Victoria Miro

Tancredi

TEATRO COMUNALE, BOLOGNA

The Rossini bicentennial is only one of the occasions celebrating this year, along with anniversaries of Columbus, Piero della Francesca and Lorenzo de Medici; but Rossini seems to have got off to a flying start. Verona has just staged a much-praised *Guglielmo Tell* with Renato Bruson and Chris Merritt, and the Rome Opera opened its season with a televised, over-touted *Barber of Seville* produced by the film comic Carlo Verdone – a delightful actor and a successful film director (of his own vehicles) but a disappointment in the opera house (at least to judge by what was seen on TV), prone to gimmickry and sight gags and very short on real perception.

Bologna, one of the cities most associated with the composer, has two of his operas in its current *cartellone*: *Tancredi*, in a production borrowed from the Pesaro Festival, and, later this spring, a new production of *Cenerentola* with Cecilia Bartoli. The Pesaro *Tancredi*, which Pizzi designed and staged several years ago, is handsome, colourful, yet sober in movement and restrained in invention. Avowedly inspired by the traditional Sicilian puppets, whose versions of Tasso and his heroes Tancredi, Roggiero, and company are a national treasure, the Pizzi staging avoids any hint of cuteness or send-up. Even the wooden horses mounted by the singers and propelled by supers seem to possess a natural gravity. The great *vitrages*, one in shades of blue, one in reds, that serve as backgrounds, allowing imaginative play of lights, gave the successive scenes the quality of illustrations – a reminder that *Tancredi* is, in a special sense, a literary opera, referring to a whole narrative tradition with which, ideally, the spectator is familiar.

On another level, of course, the work can be enjoyed as a musical feast, a constant outpouring of orchestral vitality and vocal virtuosity. And, in Bologna, the singing was almost always a joy to hear, especially when Bernadette Manca di Nissa – the Tancredi – was on stage. Mezzosopranos in trouser-roles can sometimes be an embarrassment (one thinks of Marilyn Horne's cocky strut and over-plumed helmets, of Simionato's elevator-heel boots); but Manca di Nissa solved the gender problem simply by not acting like a prima donna. She walked, gestured – sparingly – and sang with conviction and spontaneity. Her emotions were always so patently sincere that she inspired only total acceptance. The voice itself is beautiful, warm, agile, but not plummy and never hooty. This singer is already familiar to followers of the Italian musical scene; now she seems to have moved into a new, even more exciting phase.

As Amenaide, her beloved, Mariella Devia was vocally almost faultless, but the artist lacks personality, charm, pathos. When this production was first seen in Pesaro, the role was sung by Katia Ricciarelli, less secure musically perhaps, but a more credible, more vulnerable heroine. The tenor William Matteuzzi has an appealing voice and a graceful stage presence, but he does not really possess the necessary agility, and some of his coloratura sounded strained. The Orbazzano, Natale De Carolis, is a promising young basso; he did not have a great deal to do, but he did it more than competently. And, as usual in Bologna, the smaller roles were well-handled: Monica Bacelli was Isaura, and Barbara Briscik, Roggiero. The chorus was a bit dim at first, but then brightened up.

The conductor, Gianluigi Gelmetti, is a Pesaro Festival regular, and a reliable artist. His Overture was well-judged, played not as a concert showpiece or, worse still, a star turn for band, but rather as an introduction to the whole work. He began as he intended to go on, without excesses. Here and there, in the course of the performance, he let the rhythm sag. But, all in all, his was a well-controlled, intelligently conceived reading.

Rossini's birthday comes on February 29; but the leap year celebrations will continue long afterwards. La Scala will stage a new *Donna del Lago*, La Fenice will revive two of the Venetian operas: *L'italiana in Algeri* and *Semiramide*. A decade or so ago there would not have been enough singers capable of interpreting Rossini to cover all these productions; but, thanks partly to the popularity and the proselytizing work of Pesaro and the advances in scholarship, a whole generation of Rossini interpreters has grown up and, with them, an audience capable of appreciating them.

Scholarship, however, has two faces. Not all discoveries have the same value. In 1974 some musicologists, including the super-Rossinian Philip Gossett, tracked down a "tragic" ending of *Tancredi*, composed by Rossini shortly after the Venetian premiere (February 6 1813) which had the happy ending expected at the time, culminating in a chorus of joy. Naturally, the Pesaro Festival performed the newly-discovered pages, but – unwilling to sacrifice anything – the original happy ending was performed as well. So, after expiring, with a brief recitative – on stage, in a blackout, Tancredi rose again to life; slipped back into the wings, to emerge again, resuscitated, to share in the joyous finale.

For a scholarly, festival production, this double-ending was permissible; but for a normal performance it is frankly a nuisance. The tragic ending loses impact, and the joyous ending seems diminished. Scholarship is a fine thing, but Rossini wrote for audiences, not for paleographers.

William Weaver

Silk Cut City Jazz

Trumpeter Dizzy Gillespie, accompanied by an all-star eight-piece band including fellow trumpeters Freddie Hubbard, Claudio Roditi and Wallace Roney, is one of the main attractions of Silk Cut City Jazz which takes to the country in spring.

A total of 19 concerts make up four major tours beginning February 29 to the end of June, visiting London, Birmingham, Edinburgh and Manchester.

Norwegian saxophonist Jan Garbarek opens the Silk Cut sponsored season (February 29-March 6), followed by Dizzy Gillespie with the Bebop Band (March 17-20). Altoist Ornette Coleman and Prime Time (April 26-29) and guitarist John McLaughlin with classical pianist Katia Labeque (June 18-22) complete the programme.

Details from Assembly Direct, 7 Cumberland St, Edinburgh EH3 6RT. Tel: 031 557 4446

Simpson's Ninth, Osborne's 'Venice'

ROYAL FESTIVAL HALL

Simon Rattle gave last week two concerts (sponsored by Commodore) with the London Philharmonic – Nielsen, Robert Simpson and Beethoven on Wednesday, Janáček, Lutoslawski, Berg and Sibelius on Sunday. British critics are sometimes reproached for treating this young man's work with indulgence and even favouritism; but after two such exhilaratingly communicative evenings, so rich in their well-balanced variety, thoughtfulness and spark of commitment, it's a charge to which one is happy to plead guilty. Any conductor who succeeds in breaking into a South Bank winter season locked in grey routine with as much vigour and verve as Rattle summoned up on these two occasions deserves to be cherished.

The first concert was particularly impressive. Robert Simpson, a composer in his early 70s passionately admired but still insufficiently widely celebrated, wrote his Ninth Symphony in the mid-1980s; it was first played in Bournemouth in 1987 and recorded there a year later, but until last week it had not reached London (by which time Simpson's Tenth Symphony was already a year old).

There are reasons, obvious if hardly admirable ones, why an orchestra might fight shy of the Ninth. It is long (50 minutes), taxing (three movements given without break), and entirely lacking in fashionable ear-tickling devices or any manner of audience seduction. By adhering to a conception – which some call conservative and others old-fashioned – of the symphony as a vehicle for the intelligible and logical working-out of powerful artistic ideas, Simpson's music demands attention at every moment. But he repays it, generously, through the integrity of his vision, the muscular forcefulness with which he addresses it in musical argument, and the intensity and consistency with which that argument is carried through.

The Ninth takes the form of two slow-ish (marked *maestoso*) movements enclosing a *molto vivace* scherzo, craggy in outline and stirring in its climax. The development of the material – puritan-plain in melodic and harmonic character, capable of being hammered out over mighty spans – will hardly trouble those listeners at home with the symphonies of Nielsen and Sibelius; and, given that Simpson is a noted Beethoven and Bruckner advocate, the influence of those composers comes as no surprise. What makes this work so fiercely concentrated and bracing an experience is the sweep, the plain-spoken majesty accrued as the structures build up: it may not be exactly a lovable work, but it is a hugely compelling one.

Rattle's command of its shape, size and temper betokened the fiery conviction of a Simpson champion; the playing, though not free of passing inaccuracy, was properly bold, broad and rhythmically hard-hitting. The LPO is indeed at its most vital under his baton; the Beethoven Seventh Symphony on Wednesday and the Janáček *From the House of the Dead* Prelude on Sunday were particularly enthralling for the bounteous energy of their forward movement, whether in large strides or small steps. There was equally colourful, full-hearted orchestral execution in Sunday's Lutoslawski Five Songs and the Three Pieces from Berg's *Wozzeck* – but in both, unfortunately, Elise Ross's sympathetic personality and musicianly intelligence proved inadequate compensation for a notably out-of-condition soprano voice.

★

On Saturday the Philharmonia under Claus Peter Flor played Grieg (a stiff, poker-faced selection from the *Peer Gynt* music), more Nielsen (a brilliantly pungent, characterful and sensitive account of the Clarinet Concerto from Michael Collins) and Ravel's second *Daphnis and Chloe* Suite. For the first London performance of Nigel Osborne's *The Sun of Venice* the composer himself was the conductor.

The work, commissioned by and dedicated to the orchestra's president, Vincent Meyer, is a 25-minute evocation of Venetian light, air and atmosphere through the eyes of Turner (seven of whose paintings and watercolours particularly influenced Osborne) and the ears of Gabrieli (whose polychoral and polyorchestral compositions for St Mark's inspired the layout for one main orchestra and two smaller groups spatially disposed). The effect of the first half, as ringing, resonating sounds are passed across the hall and vast confrontations set up, is pictorially vivid; but thereafter the absence of any real motivic (as opposed to harmonic or colouristic) interest, and the consequent lack of dramatic variety, becomes worryingly apparent.

Max Loppert

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw *20.15 Ton* Koopman directs the Amsterdam Baroque Orchestra in a programme *including* Mozart's Bassoon Concerto (soloist Marc Vallon) and two Haydn symphonies. *In the* Kleine Zaal: song recital by Jard van Nes (6718 345)
Muziektheater 19.00 Hartmut Haenchen conducts Harry Kupfer's production of Die Frau ohne Schatten, with a final performance on Fri. Tomorrow, Thurs, Sat, Sun: Balanchine programme (6255 455/ credit card bookings 6211 211)

ATHENS

Concert Hall 20.30 First of three programmes devoted to chamber music by Brahms. Next concerts on Thurs and Sat (722 5511)

BERLIN

Deutsche Oper 19.00 Fabio Luisi conducts Gotz Friedrich's production of Aida. Tomorrow: Tannhäuser (West Berlin 3410 249)
Komische Oper 19.00 Rolf Reuter conducts Harry Kupfer's production of Die Entführung aus dem Serail. Tomorrow: Cosi fan tutte (East Berlin 2292 555)
SFB Grosser Sendesaal 20.00 Julia Varady sings Beethoven's Ah! Perfido in a concert given by the *Camerata Transsylvanica (West* Berlin 8173 364)

BOLOGNA

Teatro Communale 20.30 Gianandrea Gavazzeni conducts *Piero Zuffi's production of* Donizetti's Roberto Devereux, with Lucia Aliberti and Vincenzo La Scola. Runs till March 3, with next performances on Thurs and Sun, *both at 15.30* (529999)

BRUSSELS

Palais des Beaux Arts 20.00 Hilliard *Ensemble in a programme of* sacred choral music ranging from Dufay to Arvo Pärt. Fri: Leopold Hager conducts the Luxemburg Radio-Television Orchestra in music by Bartok, Shostakovich and Mendelssohn. Sun afternoon: Brussels Choral Society sings Wolf's Morgenhymnus and Kodaly's Psalmus Hungaricus (507 8200)
Monnaie *20.00 Alison Browner* sings Rosina in Nicolas Brieger's production of Il barbiere di Siviglia, *with a final performance* on Thurs. Tomorrow: song recital by Françoise Pollet, *accompanied* by Cord Garben (219 6341)

HAMBURG

OPERA
The Staatsoper has Wolfgang Rihm's new opera Die Eroberung von Mexico *tonight and on Sat*, conducted by Ingo Metzmacher. Tomorrow: Don Pasquale with *Hellen Kwon, Yevgeni Nesterenko* and Patrick Raftery. Fri: Idomeneo. Sun: Turandot with Galina Savova and Lando Bartolini (351721)
THEATRE
This week's repertory at the Deutsches Schauspielhaus includes Chekhov's The Cherry Orchard *tonight and tomorrow*, J P Donleavy's The Ginger Man on Thurs and Fri, Lessing's Emilia Galotti on Sat and Hamlet on Sun (248713)

LONDON

Covent Garden 19.00 Bernard Haitink conducts Johannes Schaaf's production of Don Giovanni, with Thomas Allen, repeated on Sat. *Tomorrow: Giselle (071-240 1066)*
Coliseum 19.00 Mark Elder conducts Königskinder, also Fri. Tomorrow and Sat: Street Scene. Thurs: Xerxes (071-836 3161)
Royal Festival Hall *19.30* Yan Pascal Tortelier conducts the Philharmonia in music by Bernstein and Gerswhin, with Howard Shelley piano soloist. Tomorrow: David Atherton conducts Stravinsky (071-928 8800)
Sadler's Wells 19.30 Cumbre *Flamenca: the stars of flamenco* return after three previous sell-out visits. Runs till Feb 29, with a matinee performance on Sat (071-278 8916)

MADRID

Tonight in the Auditorio Nacional de Musica, Victor Martin conducts the Spanish Chamber Orchestra in music by Bach and Handel. This week's Spanish National Orchestra *concerts (Fri, Sat and Sun) are* conducted by Aldo Ceccato, and include Tchaikovsky's Sixth Symphony (337 0100). Tonight and tomorrow, the Teatro Lirico La Zarzuela has two final performances of Lully's Atys, in the acclaimed production by Jean-Marie Villégier (429 8225)

MUNICH

MUSIC
Staatsoper 16.00 Marek Janowski conducts Die Walküre. Tomorrow, Sat and next Mon: Don Pasquale. *Fri: Siegfried. Sun: Don Giovanni.* Next Tues: Götterdämmerung (221316)
Philharmonie 20.00 Gunter Wand conducts the Munich Philharmonic Orchestra in Bruckner's Fifth Symphony, also Thurs and Sun *morning (48098 614)*
Herkulessaal der Residenz 20.00 Piano recital by Maria Joao Pires. Sun: Grace Bumbry song recital (299901)
THEATRE
The main event this week is a new production of King Lear opening at the Kammerspiele on Thurs, repeated on Fri and next Mon. *Dieter Dorn directs a cast led by* Rolf Boysen and Heinz Bennent (23721 328). The Residenztheater *has a new production of* Lessing's Minna von Barnhelm opening on Fri, with previews tomorrow and Thurs (225754)

NEW YORK

CLASSICAL MUSIC/BALLET
Avery Fisher Hall 19.30 *Andrew* Davis conducts the New York Philharmonic Orchestra in Schubert's Third Symphony and Sibelius' Fifth, with Kyoko *Takezawa soloist in Stravinsky's* Violin Concerto. Thurs, Fri, Sat and next Tues: Kurt Masur conducts *Franck and Brahms* (875 5030)
Metropolitan Opera 20.00 Thomas Fulton conducts *Un ballo in* maschera, with Leona Mitchell, Florence Quivar and Sherrill Milnes. Tomorrow: Il barbiere di Siviglia (362 6000)
JAZZ/CABARET
Blue Note Jazz Club and Restaurant This week: *Diane* Schuur, the Seattle-based pianist and singer who has been gaining *ground in jazz circles since the* early 1980s, and is equally *comfortable in jazz, blues, R&B* and pop. Music from 21.00. Next week: George Shearing Duo (475 8592)
Carlyle Hotel Jose Feliciano begins *a two-week engagement tonight*, with shows at 20.45 and 22.45 (Madison Ave at 76th St, 744 1600)
Michael's Pub Singer-actress Ellen Greene pays tribute to the late *Howard Ashman, with songs from* the musical Little Shop of Horrors and Disney's film Beauty and the Beast. Shows at 21.15 and 23.15 (211 East 55th St, 758 2272)

VIENNA

English Theatre *20.00 First night* of new production of The Business of Murder, a thriller by Richard Harris. Daily except Sun till April 11 (Josefsgasse 12, 402 1260)
Ronacher 20.00 Opening night of Vienna's 1992 Dance Festival: Johann Kresnik's Bremen Theatre *production of Macbeth, with music* by Kurt Schwertsik, repeated tomorrow. Fri and Sat: Ulrike *Meinhof, ballet by Kresnik with* music by Serge Weber. The festival runs till March 29 (586 1676)
Staatsoper 19.30 Jan Latham-Koenig conducts Otello, *with Placido Domingo, Leo Nucci* and Lyubov Kazarnovskaya. Tomorrow: Die Frau ohne Schatten *(51444 2960)*

WASHINGTON

Washington Opera There are *performances of Cav and Pag* tomorrow and Der fliegende Holländer on Sat, in the Kennedy Center Opera House (416 7800)
Kennedy Center Concert Hall Yuri *Bashmet plays Schnittke's Viola* Concerto in this week's National Symphony Orchestra concerts (Thurs and Sat, also next Tues) conducted by Mstislav Rostropovich. *Fri:* St Louis Symphony Orchestra. Sun *afternoon: recital by Midori* (416 4600)
Eisenhower Theater Paul Taylor Dance Company daily till Sun at 19.30, plus matinees on Sat and Sun (416 4600)
Kreeger Theater The School for Wives: Molière's 1662 comedy is *transposed to Washington in the* 1960s in this production. Runs till April 12 (488 3300)
Washington Stage Guild A Song at Twilight: Noël Coward's play *is directed by Nick Olcott, with a* cast including Pritchard Brown, Catherine Flye and Jewell *Robinson. Runs till Sun* (529 2084)
Bayou Nightclub The Gross *National Product presents the* BushCapades, with presidential impersonator John Simmons *providing topical headlines and* improvisations (783 7212)
Blues Alley Jazz Supperclub *Tonight's artists are the Dolphins* with Dan Brubeck. Tomorrow: The *Projekt. Thurs and Fri:* Alexander O'Nel (R&B). Sat: Terence Blanchard (trumpet). Sun: *pianist Liz Story* (1073 Wisconsin Ave, 337 4141)

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0730-0800 Moneyline
1230-1300 Business Morning
1330-1400 Business Day
2000-2030 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman
2300-2330 World Business Today
0100-0130 *Moneyline*

Super Channel
0600-0620 Business View
0630-0700 Business Insiders
2130-2200 (Tues) East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
2130-2200 (Thurs) Talking Heads – *International issues*

Sky News
1200 International Business Report
1130, 1730, 2130, 0430, 0530 (Thurs) FT Business Weekly

SATURDAY

CNN
0730-0800 Moneyline
0900-0930 World Business This Week - *a joint FT/CNN production*
1540-1610 Moneyweek
1900-1930 World Business This Week

SUNDAY

Super Channel
1800-1830 FT Business Weekly

Sky News
1330, 1630, 2030, 0030, 0230 FT Business Weekly

CNN
1800-1830 World Business This Week

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Tuesday February 18 1992

A murderous path to peace

THE POLITICAL murders perpetrated by the extremist enemies of Israel and by the government in Jerusalem during the weekend offer an ugly counterpoint to the international commitment to bring peace to the Middle East. The deaths of three Israeli soldiers, several residents of a Palestinian refugee camp, Sheikh Abbas Musawi, the Hizbollah leader, his wife and son are testament to the powerful resistance that remains to the concept of compromise.

The link between the events is that they all make a negotiated peace less likely. Killing Israeli soldiers will not make an Israeli government more likely to withdraw from the West Bank and Gaza. Killing Sheikh Abbas Musawi and his family will not, contrary to Israeli leaders' protestations, make what they call "terrorism" less likely. On the contrary, the killing of the Hizbollah leader, who was thought to have been helpful in winning the release of western hostages in Lebanon last year, raises the probability of retaliation and further reaction.

It also has wider implications of importance to the international community. If the peace process, in which the US has invested so heavily, is to be given a chance, then the parties most involved must at least exercise restraint. It is not asking for anything new or something which cannot be delivered. When Israel was far more threateningly attacked by Iraqi Scud missiles last year, it demonstrated just how restrained it could be in response to US pressure.

Growing recklessness

The Israeli government may have accurately assessed that no American political leader was going to be too publicly concerned about the death of a Lebanese Shia cleric closely associated with Iran. But there does seem to be creeping into Israel's conduct of foreign policy an almost reckless willingness to challenge the American view of how events should evolve in the Middle East.

Mr Yitzhak Shamir, Israel's prime minister, has not just rejected Washington's ideas for modest confidence building measures, but at times has appeared to be deliberately provocative, particularly on the issue of building Jewish settlements in the occupied Arab territories. It may be a measure of how out of touch Israel's leaders have become with American opinion that they believed the Administration would, whatever the provocation, accede to the request for $10bn in loan guarantees to help house immigrants from what was the Soviet Union.

Qualified sentiment

Israel retains a powerful hold on US and European sentiment. But that sentiment is much more qualified than it was at the height of the Cold War and when the Arab nations refused to contemplate peace and territorial compromise. The containment of Soviet ambitions in the Middle East is no longer an issue and the majority of Arab countries have said not just that they are willing to recognise Israel but have already sat down with its leaders in the same room.

Israel can be as sceptical as it wishes about the underlying Arab motivation, but what it must not do is refuse to acknowledge the importance of the changes which have taken place or the desire of its closest allies to carry the process forward. The more moderate leaders of the Arab world, buoyed by the liberation of Kuwait nearly a year ago, are again in danger of seeing their political gains eroded. Islam is once more being vigorously promoted as the sole remaining force which can unite peoples against unpopular governments and international manipulation. The killing of Mr Musawi is grist to the mill of religious militants from Algeria to Iran.

How much all this matters to the Israeli public should be more than ever a matter of critical debate. In June, it goes to the polls for what might be the most important election since independence. Mr Shamir and his Likud party believe Israel can cope with all the consequences of holding on to the occupied territories. The Labour party thinks it must offer some land in return for peace. Israel's choice will have a direct impact on western interests and could confirm what threatens to become a widening conflict of view.

Labour and the unions

IN THE 1970s, the leaders of the UK's largest unions were household names. Jack Jones, Hugh Scanlon and Clive Jenkins were powers in the land, commanding large and disciplined memberships. Mr Len Murray's Trades Union Congress enjoyed direct access to the corridors of power.

Now, 13 years after the winter of discontent, few members of today's TUC General Council would be recognised on a Clapham omnibus. Britain's unions have lost a third of their members, much of their influence and almost all of the power they once wielded. Under the low-key leadership of Mr Norman Willis, the TUC has all but disappeared from sight. It seems perverse, therefore, that ministers should be frightening impressionable minds with threats of a return of unbridled union power if Labour wins the election.

Yet the questions raised by yesterday's Conservative attack on the links between Labour and the unions need to be answered. The Labour party is one of the few national institutions in which the trade unions remain influential. They supply more than 60 per cent of Labour's income – and a higher proportion of the party's election war-chest. Their block votes dominate the Labour party conference.

Judging by the results of Labour's Policy Review, the unions' organisational strength gives them considerable influence in making party policy. The degree of this influence can be seen in the priority Labour gives to policies favoured by the large general unions such as the minimum wage and the removal of compulsory competitive tendering. The unions have secured promises to ease the weight of legislation oppressing them.

Winter of discontent

Their influence is also revealed in some important gaps in party policy – such as the lack of a public sector pay policy, an issue at the root of the winter of discontent which blew Labour out of power in 1979.

However, the Conservative charge that Labour would give the unions "legal privileges which have never before been granted" is clearly hyperbole. While Labour's proposals on trade union law are open to criticism (for example, for removing from the courts' armoury the ultimate deterrent of total sequestration of union assets), the package advocated by Mr Tony Blair, Labour's employment spokesman, would not significantly shift the balance of industrial power. It is also much less than some union leaders had hoped for.

Watering down

In fact, the watering down of the unions' wish list for repeal of trade union legislation is one indicator of the degree of influence that unions might expect under a Labour government. That is well appreciated by the unions themselves: after 13 years of battering by six rounds of employment legislation, they would be grateful just for a breathing space.

Labour also has a new confidence in its dealing with the unions. Mr Blair demonstrated this on becoming employment spokesman by unilaterally reversing the party's policy on the closed shop, effectively challenging the unions to use their block votes at conference to overturn him (they didn't). The unions know that they need a Labour government more than Labour needs them: Mr Kinnock knows that too.

Also, the party is seeking to demonstrate a more arms-length relationship by beginning to curb the influence that unions wield in its deliberations. The reduction of the block vote now enjoys widespread support throughout the party and unions, and is to be welcomed. In the longer term, an alternative basis for funding political parties would be the best inducement for Labour to break free of its union paymasters.

However, there remains a valid suspicion that a Labour government would be susceptible to undue union influence, especially if measures unpopular with the unions were necessary, as is likely. The unions will always have a special relationship with a Labour government – Labour will need to work hard to ensure that the distance looks sufficient. Meanwhile, voters will want to read the lips of selected union barons, as well as those of the would-be ministers.

Anthony Robinson on the causes of economic deadlock in Poland

Up against the limits

Poland, erstwhile standard-bearer for radical economic reform in eastern Europe, has run into a political quagmire. Hampered by Poland's disastrous political divisions, all too clearly revealed in the fragmented Polish parliament, Poland's new finance minister, Mr Karol Lutkowski, yesterday proffered his resignation.

The resignation followed weeks of increasingly acute debate over economic policy within the centre-right coalition government led by Mr Jan Olszewski. That debate came to a head at the weekend after the government presented parliament with an economic plan that Mr Lutkowski argued risked reigniting hyper-inflation and undoing the economic and financial progress made in the past two difficult years.

What is now clear is that the radical reforms of the first two post-communist governments went beyond the willingness of the populace to support them. Those governments were dominated by passionate believers in free-market policies who argued that state enterprises which failed to react positively to market stimuli should be allowed to fail.

The present government lacks that conviction. It is cobbled together from a collection of Christian democrat and peasant parties, supported in the new parliament by a shifting alliance from among the 29 parties which won seats at last October's first free general elections.

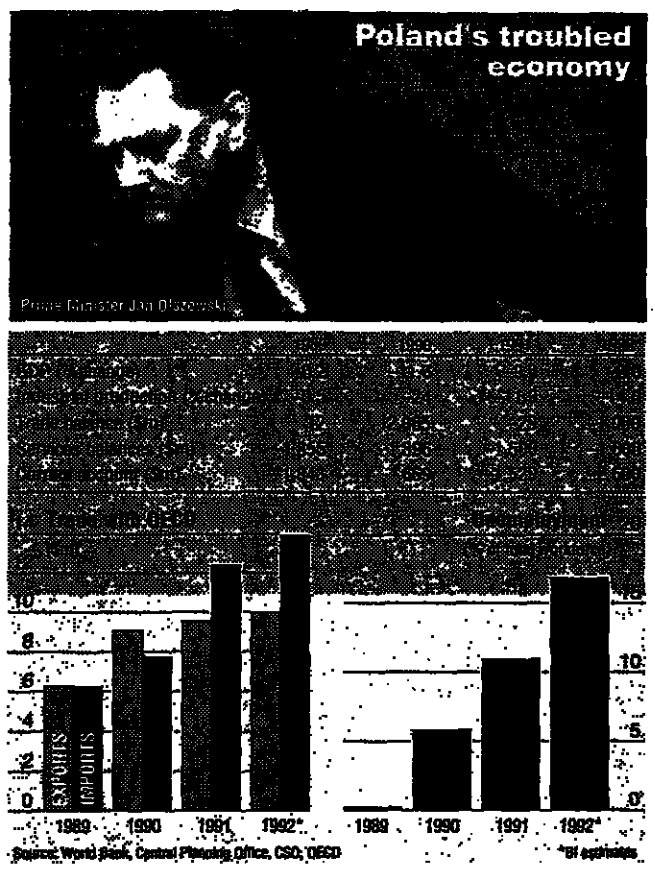
Those elections were fought under a system of proportional representation which has magnified Poland's political diversity, but compounded the difficulty of building broad political support for the hard sacrifices needed to transform Poland's economy on market principles.

This became apparent during last year's election campaign when the tough economic stabilisation policies backed by the International Monetary Fund and pursued by Mr Leszek Balcerowicz, finance minister in the first two post-communist governments, were attacked in increasingly populist terms by the parties which now form or support the new government.

Mr Olszewski illustrated the general tenor of the government's economic thinking when introducing his government's programme just before Christmas. "If we want to maintain a democratic system we must convince the public that the reforms are spread justly," he said. Subsequently he promised that future economic policy would no longer "be built on the rubble of state enterprises", and promised that what he called "the good climate for swindlers, crooks and thieves is coming to an irrevocable end".

The main architect of the government's new economic strategy is Mr Jerzy Eysymontt, a former central planner who emerged as the strongest internal critic of the stabilisation programme carried out by Mr Balcerowicz.

Mr Eysymontt argues that previous governments did not pay enough attention to the social and economic consequences of their market-oriented policies. These curbed hyper-inflation, and stabilised the Polish currency, the zloty. But they cut subsidies and opened up large swathes of Polish industry to fierce competition from imported goods made cheaper by the rise in the zloty's value against the dollar and other currencies.



Source: World Bank, Central Planning Office, CSO, OECD
*FT estimates

Faced with rising unemployment and a rapid build-up of bad debt by Polish enterprises, Mr Eysymontt argues that more attention must be paid to supply-side measures to boost investment and exports without rekindling inflation.

In order to square this difficult circle, Mr Eysymontt advocates a form of incomes policy. Workers would be offered greater employment, but would have to pay for it by accepting tougher wage controls and higher sales taxes, which would translate into a 5 per cent decline in real incomes this year after a 2 per cent rise in 1991.

It is far from clear that such an incomes policy would work under Polish conditions, where most state-owned enterprises are controlled by strong workers' councils hand in glove with communist-era managers. The reaction of both to market-oriented policies has often been to cut output and raise prices rather than to cut costs and increase efficiency. It is equally unclear whether the aim of preserving employment in the old state dinosaurs even makes sense.

Nevertheless, the new government's message accurately reflects the ambivalence with which many Poles view the past two years of extraordinarily rapid economic and social change. On the positive side, the Balcerowicz reforms curbed hyper-inflation, restored value to the zloty and sparked off a retail and trading revolution which has filled once empty shops.

With extraordinary speed a brash and entrepreneurial Poland has intruded into the old egalitarian but fundamentally immobile system. Poles who for years traded illegally throughout the former Soviet bloc jumped at the chance to lease or buy former state-controlled shops and retail outlets.

However, while the flood of imported consumer goods and a rapid redistribution of incomes has left some Poles better off than ever before, millions more are feeling disoriented and defenceless.

The most aggrieved sectors of society include those employed by, or laid off from, state sector enterprises. In the past industrial workers in the large and medium-sized state enterprises were the most tenacious working-class supporters of the old Solidarity alliance of workers, intellectuals and the church. They expected better things from their heroic struggle against communism.

Instead, workers in state enterprises have seen their pay held below the 70 per cent annual inflation rate by the hated "popiwek" wages tax, which only applies to state enterprises. Many have lost their jobs, as unemployment has risen from virtually zero to 2.14m over the past two years. Unemployment is expected to exceed 3m by the end of 1992.

Last year's 11.9 per cent fall in industrial output from the state sector means that, overall, production in the state industrial sector is 35 per cent below 1989 levels. Nearly 40 per cent of the 8,500 enterprises still owned by the state or by local authorities are loss-making. Many, including most of the 200 enterprises which formerly depended almost exclusively on trade with the now defunct Comecon market, are bankrupt and only keep alive by not paying bills or taxes.

Yet another consequence of liberalisation has been a rash of big financial and banking scandals. These have underlined fundamental weaknesses in the legal and regulatory structure of the banks and other institutions inherited from the former communist state. The collapse of state industry and the largely unknown potential of the new entrepreneurs have meant that some 40 per cent of bank loans are non-performing. Understaffed and inexperienced, the banking system is a priority target for western technical assistance and privatisation.

Meanwhile, the government, which used to obtain 85 per cent of its tax revenue from state enterprises under the primitive communist tax system, is owed Zl 23,000bn in uncollectable company taxes, which swells the budget deficit. This is likely to prove inflationary in Polish circumstances, given the government's inability to sell long-term debt.

Ironically a high proportion of the taxes owed come from non-payment of the "popiwek". The fact that a tax levied on former communist managements for giving in to wage demands made by powerful workers councils is in practice frequently not collected merely underlines the fragility of the economic management tools in government hands.

It also underlines the importance of moving as fast as possible away from an economy so heavily rooted in the inherited state-controlled industries. This government, like its predecessors, has pledged to speed up the pace of privatisation. It plans to introduce a complex system of mass privatisation by early summer under which more than 200 enterprises will be handed over to special investment funds run by foreign banks and institutions.

By the end of this year more than 50 per cent of the economy, including the farming sector which remained largely in private hands throughout the communist era, should be in private hands. Mr Eysymontt's main innovation is to insist that the 50 per cent which remains in state hands must be taken better care of until it can be restructured or hived off.

Since pioneering the dash for market reform in eastern Europe, Poland has felt the constraints more keenly that any of the new democracies. There is no desire to turn back, but the new government is testing the limits on its freedom of action. The outcome will be closely watched by all the post-communist states.

The perils of tunnel vision

Martin Wolf says the EC is acting against its interests over Gatt

It is depressingly familiar. A coalition of powers wins a great victory, only to let the coalition fragment. It happened after both world wars. It is happening once more. But no fundamental conflict of interest need prevent the west from sustaining co-operation, and of nowhere is this more true than trade. Even so, the Uruguay Round looks increasingly likely to expire. If it is to be revived, the European Community must cease defending the indefensible.

When US Vice-President Dan Quayle said that global security would be endangered by a collapse of the Gatt round, he was right. When he forecast that failure to agree would increase American pressure to withdraw its military forces from Europe, he was also right. These were not threats, but good predictions.

For the EC to insist, like some vainglorious barnyard cock, that it is too important to yield to American pressure is absurd. For Mr Frans Andriessen, the EC's external affairs commissioner, to say that the EC could not accept a deal which did not seem "suitable and profitable to the Community's long-term economic interest" is still worse, since the EC is rejecting a deal that would, in fact, be in its long-term interests.

> Now EC leaders are insisting that the rest of the world must accept half-baked reforms

Agriculture remains pivotal to a successful outcome in the Uruguay Round. Two central issues remain: whether the EC should accept quantitative limits on its volume of subsidised exports, which the EC adamantly rejects; and whether the compensation payments in Mr Ray MacSharry's reform of the Common Agricultural Policy should be put in the Gatt's "green box" for non-distorting subsidies, on which the EC insists.

Mr Andriessen would have the world believe that these two positions reflect the EC's "long-term economic interest". But why is it in the long-term economic interest of the EC to export farm products at lower prices than on sales to its own consumers, making up the difference from the pockets of its taxpayers? And why is it in the interest of the EC to pay farmers substantial "compensation payments" indefinitely, merely on condition that they remain farmers?

Mr Andriessen's definition of economic interest bears no relation to reality. This is not new. What has always characterised the CAP is its distance from reality. High prices, the heart and soul of the CAP, could never do more than raise land prices and increase wasteful production. They were completely inapposite to their main purpose, raising farmers' incomes, a point made in the excellent paper by the German agricultural economist, Professor Stefan Tangermann, for the London-based Institute of Economic Affairs, discussed by Samuel Brittan yesterday.

Mr MacSharry's reform proposals are an improvement, but they do not go far enough. As Prof Tangermann points out, simpler reforms would avoid the problems inherent in these proposals. The ideal would be lower prices, no set-asides and direct income compensation, limited to those farming in a period in the recent past, and granted for a defined number of years. But, true to the first law of EC agricultural policy – that nothing simple will be tried if something more complex can be substituted – Mr MacSharry has added set-asides and the requirement for continued production, both of which will require not merely complex, but permanent, monitoring.

Prof Tangermann's suggested changes to the Commission's proposals should be made – Mr Andriessen, please note – "for domestic reasons... because they would greatly enhance the economic viability of CAP reform". But they would also clear the way for agreement in the Gatt. His ideas for direct income compensation would fall inside the "green box". Furthermore, with support being lowered worldwide, farm prices would rise, reducing the need for what the EC euphemistically calls "export restitutions".

Unfortunately, EC leaders have long resisted external efforts to limit the damage its farm policies have caused. They have failed to educate its public in their wastefulness. They took almost four years to come up with an inadequate negotiating position in the Uruguay Round. And now they are insisting that the rest of the world must accept half-baked reforms.

Worst of all, the EC believes that this is the cause for which it should risk both its relations with the US and the prospects for sustaining the liberal international economy, on which the entire globe depends.

In its half-century of pre-eminent influence, the US has made many mistakes, but it has also articulated a global vision. Even in the current Gatt round US policymakers have mostly sought both liberalisation and extension of the reach of trade rules.

Against this, what is the EC's vision? Is it to make the world safe for the withered fruit of its farm politics? Many hail the EC's arrival as a great power. On the evidence, the question must be why.

OBSERVER

Political banker

■ A big morale-raising job awaits Efthymios Christodoulou, the new governor of the Bank of Greece who took over this week. The central bank's reputation as a watchdog inevitably suffered from the £110m Bank of Crete embezzlement scandal, even though retiring governor Dimitris Halikias escaped blame for it.

Another problem for the newcomer is that his bank's research department, once a respected think-tank, is beset by a brain-drain as bright staff are lured away by higher pay in the private sector. From 90 researchers not long ago, it has shrunk to under 50 – barely enough to crank out the forecasts required by the OECD and IMF.

Even so, the 59-year-old Christodoulou must feel relieved to be leaving the economy ministry. He had a hard time during his 18-month tenure as minister, not least when it came to persuading his cabinet colleagues to back his medium-term austerity programme.

On the other hand, as a gregarious Euro-MP for over a decade, Christodoulou built a useful network of contacts in Brussels. These paid off in 1990 when Greece found itself in the embarrassing position of having to ask the Commission for an emergency balance of payments loan for the second time in only four years.

With Greek credibility in Brussels at a low ebb, Christodoulou's lobbying was crucial in getting the £1.6bn loan approved. Now he has to disprove those critics who argue that skilful politicians do not make good central bankers.

Carrying the can

■ Graeme Gilchrist's sudden exit from Union Discount means that two high-profile City jobs will have to be filled pretty sharply.

As chairman of the London Discount Market Association, Gilchrist was the man responsible for telling the Governor of the Bank of England what he couldn't find out about the market from his Reuters monitor.

This weekly task will now fall to his deputy, Robin Moser, managing director of Alexanders, the oldest discount house.

Finding a replacement for Gilchrist should not be too difficult. Admittedly, there has been a fairly heavy turnover of Union's executive directors of late but Derek Lyons, managing director of the traditional discount house business, would be the obvious internal candidate, and very capable too.

"We have shut the stable door very firmly, though obviously to some extent the horse has bolted," says Robin Herbert, Union's old Etonian chairman. Having recently taken over from Alec Ritchie, another well-connected merchant banker who headed Union for 20 years, no blame can be laid at Herbert's door.

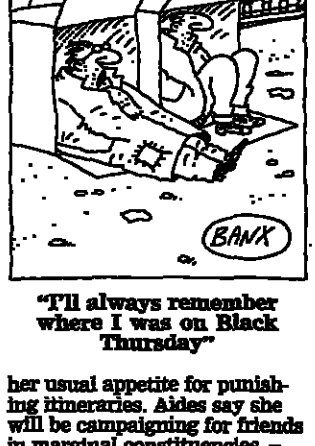
But given the wealth of non-executive City talent on Union's board, it seems a trifle unfair to lay all the blame for Union's strategic errors on poor old Graeme Gilchrist.

Unavoidable

■ One obvious reason why John Major should call the general election on April 9 is that Margaret Thatcher will be abroad for the last week of the campaign.

Conservative Central Office and Major have spent many hours agonising over what role she should play, aware of the explosive potential of any disloyalty, intentional or otherwise, from the former prime minister.

The role she has now agreed, after several meetings with John Major, is limited, given



"I'll always remember where I was on Black Thursday"

her usual appetite for punishing itineraries. Aides say she will be campaigning for friends in marginal constituencies – helping Michael Forsyth, the deeply Thatcherite Scottish Office minister, retain his precariously unsafe Stirling seat, is probably high on her list. An appearance at a Tory rally with the prime minister is also promised.

But from the beginning of April, Mrs Thatcher has long-arranged engagements and lectures in the US which her office says cannot be rescheduled. She will be back, however, in time to vote.

Mugged

■ Japan's non-tariff barriers are reaching parts of which even the most experienced foreign businessman is ignorant.

A German multinational recently celebrating in Tokyo had the bright idea of presenting its some 500 guests with traditional German beer mugs, complete with pewter lid and company emblem – delicately wrapped, Japanese-style.

But, come the day of the party, no beer mugs in sight. Japanese customs had refused entry, on the grounds that they wanted to know more about the metal used in the lids and whether it was harmful.

Arguments that imports of such mugs were hardly an innovation cut no ice. It took weeks for sense to prevail; by then the guests were long gone and the company faced with a fat postage bill to send the mug chasers.

No doubt worried about disruption to future festivities, the angry Germans prefer to remain anonymous. Maybe they will be sticking to sake in future.

Too divine

■ Britain's two-man bobsleigh team who, despite achieving the best British performance since 1964 and squandering their gold medal chances in La Plagne at the weekend, were offered some heavenly consolation as they skidded over the finish line in sixth place.

A spectator, convinced that all sportsmen are equal in the eyes of God, waved an encouraging banner at the luckless pair. It read simply "John 3:16". The verse includes valuable advice for those indulging in the high-speed Olympic event. It says: "Whosoever believeth in Him shall not perish but have eternal life."

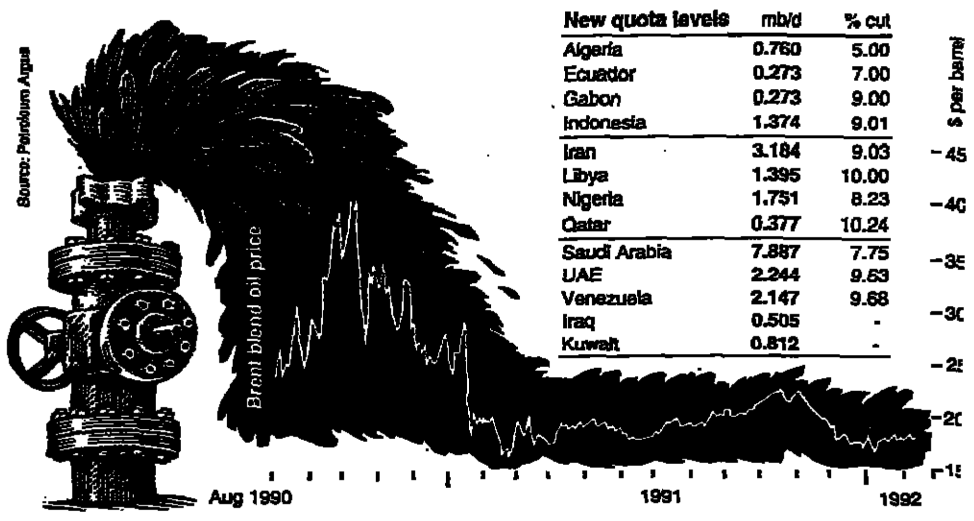
Streetwise

■ Fearful that Sears – which encompasses the British Shoe Corporation – should not be seen to be too much of a one-man show after the appointment of Liam Strong as chief executive, the retailing group has decided to drop the traditional tailpiece to its annual report. "We're strong on the streets... and in the home" has been hoofed out.

A deal that fails to heal divisions

Deborah Hargreaves examines the delicate agreement reached by Opec members in Geneva

Opec's compromise



New quota levels	mb/d	% cut
Algeria	0.760	5.00
Ecuador	0.273	7.00
Gabon	0.273	9.00
Indonesia	1.374	9.01
Iran	3.184	9.03
Libya	1.395	10.00
Nigeria	1.751	8.23
Qatar	0.377	10.24
Saudi Arabia	7.887	7.75
UAE	2.244	9.63
Venezuela	2.147	9.68
Iraq	0.505	-
Kuwait	0.812	-

The international oil market was expecting a clear signal from the world's largest oil exporters gathered in Geneva last week that they were prepared to take significant action to bolster prices. It was disappointed by the fragile compromise stitched together by the 13 ministers from the Organisation of Petroleum Exporting Countries (Opec) that barely hides deep divisions within their ranks.

As a result, North Sea prices began to slide early yesterday and closed almost $1 down at $17.50 per barrel for North Sea Brent crude for April delivery. This follows a $4 fall in prices since November, from around $22. When US trading opens today, after the President's Day national holiday, the price decline is likely to continue.

The fall in prices will reinforce the feeling among many oil ministers that they came away from Geneva with a patchy and barely effective deal. "This agreement will only keep the present situation – maybe prices will go down for a few days and up for a few days, but in general it will just keep them where they are now," said Mr Gholamreza Aqazadeh, Iran's oil minister.

The market's judgment was harsh: "My gut reaction is simple. It's an absolutely dreadful deal," said Mr Peter Gignoux, manager of Smith Barney's petroleum desk in London.

Traders were disappointed on two counts: first, the size of the production cut agreed – which will reduce output of Opec countries by about 1m barrels per day to about 23m barrels per day – was smaller than the market had expected. Second, the lack of unity among producers over the size of the output cuts could make it harder for them to agree decisive action in future.

The discord between Opec's largest producers which had obstructed agreement during the four days of intense negotiations, was reflected when both Saudi Arabia and Iran expressed official reservations to the final deal. This undermines the credibility of the agreement, and signals that a fragile alliance between the two, which has steered Opec policy since the Gulf war, is under severe strain.

While satisfied with the overall ceiling agreed in Geneva Mr Hisham Nazer, the Saudi oil minister, was unhappy with the production level assigned to the kingdom and said he would produce more than the 7.88m b/d it had been allotted. Mr Aqazadeh was disappointed that the organisation had not agreed deeper cuts. He sought a production ceiling of 22.5m b/d in order to boost prices.

The dissent within Opec is putting the delicate relationship between Saudi Arabia and Iran under increasing pressure. Mr Aqazadeh is sounding more strident in his demand for increased prices and feels that Saudi Arabia is reneging on an understanding to push prices higher in the aftermath of the Gulf war.

"Iran could feel it has been misled by the Saudis since the Gulf war and that Mr Nazer is not really serious about wanting higher prices," said Mr Mehdi Varzi, an oil industry analyst at Kleinwort Benson. Mr Varzi stresses that the Iranian economy is facing severe difficulties as a result of current prices.

Political considerations also lie behind Iran's stance. Mr Aqazadeh has one eye on upcoming elections to the Iranian parliament, when moderate forces are hoping to gain a majority. The price of oil, crucial to the success of economic reform, will play an important part in maintaining support for the moderates.

Saudi Arabia has traditionally favoured moderate oil prices which it believes are necessary for a recovery in the world economy. It is also sympathetic to the needs of the US, an important ally, which would suffer further economic difficulties from a higher oil price.

"The strategy is not to allow the price to fall further, but also not to let it rise and that must have the hand of the US hidden in it, whatever they say," said Mr Varzi.

It was a telephone call from King Fahd, the Saudi ruler that ruined Mr Nazer's compromise plan late on Friday.

A telephone call from King Fahd ruined Mr Nazer's compromise plan

Under this plan Saudi Arabia would have cut to 7.9m b/d as part of an overall ceiling of 22.5m b/d to 22.7m b/d. Mr Nazer was instructed to stick strictly to 8m b/d which is what the kingdom says it will now produce even though its allocation under the agreement is for a level of 7.88m b/d.

"Maybe a rational man will ask – what's the difference between 100,000 barrels a day?" said one Opec official, "but you've got to recognise the political sensitivities at work."

Saudi Arabia spent $5bn during the Gulf war to boost its production from 5.4m b/d to close to 9m b/d in January, at the same time increasing its market share for Opec oil to 35 per cent. The kingdom is unwilling to relinquish its hard-won market share. It also faces a budget deficit of some $8bn this year which restricts its ability to manoeuvre.

The kingdom's insistence on maintaining its large chunk of overall output will inevitably bring it into conflict with other smaller producers. All Opec member nations are suffering the effects of low oil prices, most have budget deficits and most have based their economic plans for this year on a price closer to $20 a barrel than the current level of $17 (for the Opec basket which is usually about $1 to $2 below the North Sea price).

Some members such as Algeria, which is under emergency rule, and Venezuela, which recently suffered an attempted coup, are pressed by political unrest at home which has partly been caused by lower oil revenues. Mr Celestino Armas, Venezuela's oil minister, called for a ceiling as low as 21m b/d at the opening of the Opec talks reflecting his desire for a sharp price rise.

In spite of paying lip service to smaller producers' concerns, Saudi Arabia has reasserted its dominance over the discordant producer's club. Its assertive role is increasingly mapping out a future for Opec.

One significant achievement at the meeting, long sought after by the Saudis, was a move away from historical production quotas to allocate output more closely in line with individual countries' capacity.

"It was a major event because you've seen a change in the basis for allocating production," said Mr Paul Mlotok at Morgan Stanley in New York. "They clearly haven't worked out all the details yet, but it's a very important step."

It presents, however, an opportunity for new disagreements. The danger of using production capacity as a basis for allocating output levels is that countries have a tendency to be over-optimistic in their assessments of their ability to pump oil. In addition, the new system will enshrine Saudi Arabia's increased clout within the organisation.

Iran and several other producers are already fighting to reverse the move and return to historical quotas which were in place before the Gulf war. Mr Aqazadeh has called for a return to the quotas as soon as Iraq is able to re-enter the export market.

Iraq is currently barred from exporting oil by UN sanctions and its production allocation under the deal is for domestic consumption only. But the Iraqi minister told Opec last week that it is now capable of producing 2m b/d.

Similarly, Kuwait has said its output will reach 900,000 b/d in June rising to 1.5m b/d by the end of the year. If the return of the two countries to full production is not to plunge the oil market into crisis, other members will have to agree significant cuts. This will lead to tough talking between the disparate producers' coalition when the UN lifts sanctions.

When ministers meet again at the end of April to review the effect of last week's decision, the call from smaller producers for deeper cuts will be louder if, as seems likely, the price is no higher. Their calls will be fuelled by the fact that some smaller producers found their new output levels were below those included in the old quota system.

But despite the disagreements in Geneva, the spirit of co-operation in Opec is not dead. The more generous producers: the United Arab Emirates, Venezuela, Libya and Qatar, all agreed to cut production by more than the average 9 per cent required under the deal to compensate the disadvantaged, smaller producers.

Joe Rogaly

Virtue unrewarded

If the Conservatives lose the election, the reason will be that Mr John Major came to office too soon, and with too little experience behind him, to sail free of Treasury thinking. If they win, it will be because he got nearly everything else right. The prime minister must take the blame if he is defeated, but even if he succeeds by a narrow margin he might ask himself why he placed so much trust in an institution that combines the technical abilities of Dumbo with the political sophistication of Mickey Mouse.

Step back, and you will see what I mean. Between June 1987 and October 1989, economic policy was managed by Mrs Margaret Thatcher and Mr Nigel Lawson. The personal antipathy between them is well-known; the result was the Lawson boom, which led to today's Treasury bust. Fate is cruel: Mr Lawson may be partly to blame, but Mr Major cannot avoid carrying the can for the depression that today threatens his political career. He had no experience of high office before the 1987 election; after it, he became chief secretary, the man responsible for the expenditure side of the budget. Then in October 1989, he was suddenly thrust into the chancellorship.

His officials loved it. Mr Lawson had had a sufficiently high estimation of himself to make his own mistakes; now they could hope to persuade an untried new chancellor to make the Treasury's mistakes. Mr Major is no puppet. He rightly determined that the overriding objective must be to reduce inflation, which was in danger of ballooning into the higher double digits and out of control.

At some time – then or later – he must have been presented with forecasts that suggested that he could conquer inflation in time for an election. He would have been assured that while unemployment might be increasing, the recession needed to bring prices down would be over before the electorate was asked for its verdict. Meanwhile, Mrs Thatcher's "skittish" attitude to Europe (the adjective is that of one of her erstwhile colleagues) had its own disastrous effect. It took a year for Mr Major to persuade her to take Britain into the exchange rate mechanism, but, either out of conviction or Treasury misdirection, or both, he did so at a challengingly high rate.

Then in November 1990, as suddenly as he had become chancellor, he became prime minister. It is a job he has handled well. He was an excellent leader during the Gulf war. He abolished the poll tax. He invented (or developed) the Citizen's Charter, performed excellently on the world diplomatic stage and turned himself into the Conservatives' greatest electoral asset. What he did not do was shake off the curse of the Treasury.

This would have been difficult, but not impossible. He could have anticipated the

What Mr Major did not do was shake off the Treasu[illegible] [illegible]urse

political [illegible] [illegible]e likely to result fro[illegible] [illegible]RM decision and tried [illegible] a re-alignment. He might have demanded of the new chancellor, Mr Norman Lamont, that the 1991 budget should contain the fiscal stimulus currently expected of the 1992 budget. Perhaps he could have bought off the poll tax without raising VAT by quite so much, taking the strain by borrowing.

He did not do any of this partly because it was not then certain that inflation would fall away in the summer and partly as a result of a desire to maintain the government's credibility in the markets. Anyway, the Treasury kept forecasting that there would be a resurgence of economic growth, perhaps in the second half of 1991, and, if not then, in the first half of 1992 – but surely in time for a May 1992 election.

There were tremors in the autumn, but the increases in spending announced then apply from later this year. They do not have immediate political significance. Mr Lamont cannot be faulted for this. He is not a whizz on TV, but he has done the job he was given, keeping his nerve and sticking to orthodoxy. If your assumption is that the country comes first, and let political consequences fall where they may, Mr Lamont is your man. If Mr Major had wanted a heavyweight chancellor able to deploy deep-seated political instincts as a check on Treasury misinformation, he could have called on Mr Michael Heseltine. Only he would have stood a chance of re-aligning or reflating and simultaneously finessing market reactions.

The realisation that the Treasury had led the government up a gum tree dawned on most members of the cabinet at around Christmas time. The previous strategy was based on false Treasury assumptions. Inflation would be down to 4 per cent or less, but the slump would not end before polling day. Nothing could be done about it. Ministers had been so absorbed with Maastricht that the upward creep of German interest rates came as a shock.

A campaign time-table, setting out themes for every week until Easter, had been agreed at a November meeting of the "political cabinet" – ministers minus officials. Prepared by Saatchi & Saatchi under the instructions of the party chairman, Mr Christopher Patten, it was hotted up, re-submitted, and once again agreed. The Christmas plan is the one Mr Major is now working to. It accepts that the Tories may not be floated to victory by a rising tide of consumer spending.

Against that, the Conservative machine, perhaps strengthened by desperation, is looking tougher and more professional than Labour's. It had the opposition on the run on taxation in January and it may do further damage this week with its campaign on trade union influences on the Labour party. The proposition to be put before the electorate is twofold – first:(whispered) "Under her we made a mess of things but John Major has not put a foot wrong" and, second (shouted): "Labour would make a worse hash of it." It is not an edifying theme but it is all they have. Fiscal virtue is not always rewarded.

LETTERS

Quality and the environment

From P D Martin.

Sir, I was struck by the tone of Bryan Cassidy's letter (January 30) which implied that cleaning up Britain's environment would make us uncompetitive compared with countries such as Japan and the US.

A similar argument relating to product quality used to be popular in the 1950s, 1960s and 1970s, when it was claimed that quality costs money and that it was better to allow a proportion of defective output through because it was too expensive to engineer systems which produced defect-free output. In reality, it was shown that "quality" production was cheaper and that customers rapidly understood where to purchase reliable goods.

The environment argument is very similar; low pollution processes normally mean low waste, energy efficiency means lower waste and less initial fuel consumption. It is often found, therefore, that low pollution equates to low cost. Add to this the rapidly growing customer discrimination in favour of environmentally friendly goods and it is easy to see which countries will prosper and which will fail.

The Japanese taught us a hard lesson on quality; let us show we have understood and applied it to the environment.

P D Martin,
Arjo Wiggins
Crabble Hill, Dover CP17 0RU

Lloyd's Name says majority accept losses without directing blame

From G N M Mellersh.

Sir, Anyone following the continuing furore at Lloyd's could be forgiven for thinking that the chances of an external Name being fairly treated by his agent are so small as to be non-existent. While there are indeed Names who have suffered appalling treatment, it is just not true that this is now custom and practice.

Like most Names, I am facing heavy losses for the 1989 year of account and to a lesser extent for 1990, but this does not mean I have a quarrel with my agent. Quite the opposite, in fact, as in my first year of business, 1988, I made a modest profit when the market as a whole suffered substantial losses. Many of my current losses are due to participation in what has turned out to be a disastrous Gooda Walker syndicate, but I have little cause to complain as this syndicate made a respectable profit the previous year. Further, my agent, himself a member of the syndicate, ensured that my exposure was modest because of the high risks involved.

I took a long time to decide to join Lloyds, as I thought it essential to find an agent in whom I had confidence. I also made sure I was in a position to fund at least a couple of years' losses up to the stop loss excess point, just in case the worst happened, which of course it has.

I can understand that Names facing bankruptcy feel they have nothing to lose by suing everyone in sight, but the great majority of external Names accept that, as in any business, losses can be made without it being someone else's fault. It is time for those of us with confidence in the future of Lloyd's, and who intend to trade through these difficult times, to stand up and be counted.

G N M Mellersh,
47 Quarrendon Street,
London SW6 3ST

Minister denies UK put brake on single market

From Mr John Redwood MP.

Sir, Your article on February 10 ("UK plans to put brake on single market") suggests that the UK is now the reason why there is no Investment Services Directive. Nothing could be further from the truth.

The UK has always welcomed and encouraged proposals that promote more cross-border trade and open up Community markets to companies and individuals from other member states. We have consistently supported a market opening Investment Services Directive.

Unfortunately, some other member states see the Investment Services Directive as an opportunity to put back the clock and to limit the amount of cross-border trade currently under way in the Community. This is against the spirit of the Treaty of Rome, against the spirit of the single market and would be undesirable to all those who are interested in promoting more intra-European business.

The UK is not prepared to promote a protectionist proposal, but has supported efforts to reach a compromise to try to obtain an Investment Services Directive that would be market opening. That remains the British government's position.

John Redwood,
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Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Why the sins of one economist should not be visited on all

From Prof Jagdish Bhagwati.

Sir, The internal memo on the economics of the environment by the World Bank's chief economist, a professional of some distinction, prompts Michael Prowse ("Save Planet Earth from economists", February 10) to castigate the entire profession of economists.

But the sins of one economist should not be visited on all. Admittedly, the memo, if taken seriously, is sloppy and flawed in its arguments. To judge the air quality in Africa as "inefficiently low compared to Los Angeles or Mexico City" because transport costs and non-tradeability of air prevent trade in air pollution and waste is simply wrong.

"Efficiency" can only be determined taking these "technological" constraints such as non-tradeability into account. Also, efficiency must reflect objectives. It could well be that former Tanzanian president Julius Nyerere and the pastoral Masai have a greater preference for clean air (relative to income) than Mexican president Carlos Salinas de Gortari and his BMW-driving citizens.

But the assertion that a "given amount of health-impairing pollution should be done in the country with the lowest cost (measured as the foregone earnings from increased morbidity and mortality), which will be the country with the lowest wages", and that therefore "the economic logic behind dumping a load of toxic waste in the lowest-wage country is impeccable", is a fallacy.

The discharge of an equal quantity of chemical pollutants into an Indian lake where lower-wage people drink the water may be more harmful than if the target of the pollution was Lake Michigan, in the higher-wage US. Malnourished people may die far more readily from an equal dose of pollution than well-fed people.

But, most of all, no modern economist, when his house is on fire, will pull his father out before his mother because the father earns more than the mother! Economists have learned, at least since the 1960s, to broaden their analysis to include objectives (including the environment) other than just goods and services.

Economics, properly understood and used, has much to offer in helping the environmentalists achieve their objectives efficiently and at least cost. The General Agreement on Tariffs and Trade report on trade and the environment, issued last week, demonstrates this by taking seriously the environmentalists' concerns over trade rules, by analysing the relative advantages of different ways of achieving environmental objectives, and by arguing that unilateral suspensions of other nations' trading rights are the most expensive way to do so.

Dialogue of this kind, based on first-rate economics, should help us find reasonable solutions to our environmental concerns. Economists and environmentalists should join hands to create a shared success.

Jagdish Bhagwati,
economic adviser to the director-general,
Gatt,
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Geneva, Switzerland

FINANCIAL TIMES
Tuesday February 18 1992

North Sea oil price falls by $1 a barrel after Opec deal

By Deborah Hargreaves in London

NORTH SEA oil prices fell almost $1 a barrel yesterday amid pessimism on the London market following the insubstantial weekend agreement by the Organisation of Petroleum Exporting Countries (Opec) in Geneva.

The 1m barrels a day (b/d) cut in production agreed by Opec, to around 23m b/d, was smaller than traders had expected, and North Sea Brent crude prices dipped from $18.40 to $17.525 a barrel in busy trading.

The agreement is set to be undermined by the reservations of the organisation's largest producers: Saudi Arabia said it would produce more than its allocation and Iran believed output cuts should have been deeper.

One crude oil trader for a Norwegian company said: "The market is questioning whether we have a firm agreement at all." London market traders had taken a more optimistic view of oil prices late last week when it looked as though the Opec deal might reduce the flow of oil by some 1.5m b/d.

"The final agreement came as a real disappointment", said Mr Peter Gignoux, manager of the petroleum desk at Smith Barney. "The next few days will be very dangerous for oil prices." The price slide could continue today, when US markets reopen after the Presidents Day national holiday.

Most Opec ministers believed the new production arrangement would at least stabilise prices. But few believed it would push prices up towards their $21-a-barrel target.

Traders will now be looking for signs that the producer's club can deliver the promised cuts in output. If these are not evident in the next month, prices could collapse further.

Traders believe that the fact that Opec has scheduled its next meeting for two months' time seems to suggest that the organisation is sceptical about the effectiveness of its deal.

"We will meet again in April and if everyone's analysis proves to be right, we will have to make a further cut in production", Mr Nordine Ait Laoussine, Algeria's oil minister, said.

The Opec secretariat's forecast for demand for Opec oil in the second quarter – when prices are generally weak because of warmer weather – is 22.77m b/d. But production will be at least 300,000 b/d above this level, which will have a depressing effect on prices.

One development that could give a fillip to world prices is the strike by some Russian oil workers which started at the weekend. A widespread strike which affected the former Soviet Union's exports to the west would lead to an increase in prices.

Deal that fails to heal divisions, Page 17: Kuwait production recovers, Page 32

US bank says main contribution will be to attract foreign investment

Goldman Sachs to advise Russia

By Leyla Boulton in Moscow

THE Russian government yesterday announced it had hired Goldman Sachs, the US investment bank, as advisers to help attract badly needed foreign investment to Russia.

Mr Robert Rubin, co-chairman of Goldman Sachs, said he saw the bank's main contribution as persuading companies around the world to invest in Russia. It would also give advice on attracting venture capital to the republic.

Illustrating the dramatic turn of Russian economic policy, the US advisers will occupy office space in the building which used to accommodate Gosplan, the now defunct state planning agency.

Mr Rubin said that Mr Yegor Gaidar, deputy prime minister, had asked Goldman Sachs to help identify a "relatively small number of realistic projects" in key areas such as natural resources, consumer goods and food processing, and to see them through as quickly as possible.

Mr Leonid Grigoriev, chairman of the government's Foreign Investment Committee, declined to specify how Goldman Sachs would be paid for its services. But it is probable that the bank, which will benefit from free publicity as well as direct access to the government and its secrets, will not be getting cash.

Mr Grigoriev said 400 firms had competed to get the position, which was awarded to Goldman Sachs because of its "aggressiveness".

He admitted, however, there were a number of basic questions which Moscow had to resolve before large-scale investment would be possible.

He said the government had not yet decided whether to use a special exchange rate for foreign investors in the privatisation of state property. An alternative, to prevent Russian investors from being squeezed out of the race, was to limit the number of assets offered to foreigners. But until one or other method was chosen, investors could not take part in the privatisation process.

He also could not say when President Boris Yeltsin would sign a long-awaited decree on mineral rights and concessions to foreigners in the oil industry.

Although he said the committee would be pressing for new benefits to encourage investment, the government was divided over whether to grant special tax exemptions at a time when its key priority was to balance the budget and strengthen the rouble.

Japan's industrial output slows

By Steven Butler in Tokyo

JAPAN'S industrial output last year grew 2.1 per cent, the slowest pace in five years, the Ministry of International Trade and Industry said yesterday.

The report confirmed accumulating evidence of a sharp slowdown in the Japanese economy.

Miti also revised downward estimates for December industrial production. Factory and mine output fell by 1.9 per cent in December, compared with a year ago, a half percentage point below earlier estimates.

Equally significant, Miti increased estimates for the rise in stocks during the month from 12.8 per cent to 13.1 per cent.

Mr Russell Jones, economist at UBS Phillips and Drew in Tokyo, said: "There is no doubt in my mind that the manufacturing sector is in recession."

Mr Jones said that after taking into account the gradual decrease in inventory levels made possible by technical change, inventories were now at the highest level for more than 15 years.

The high level of inventories points to a further decline in factory output in the months ahead as manufacturers try to balance output with demand.

The Nihon Keizei Shimbun, the economic daily newspaper, said that capital investment by Japanese companies would decline by 4.5 per cent in the fiscal year starting in April, according to its own survey. This would be the first drop in six years.

Manufacturing investment is expected to be hit hardest, with a decline of 11.1 per cent.

Adding further to the economic gloom, the Japan Iron and Steel Federation reported that steel production in January fell for the sixth consecutive month and, at 8.1m tons, was 14.8 per cent below a year ago. This was the lowest production since September 1987.

Output of steel products for the construction industry declined by 23.6 per cent.

Retail sales in Tokyo were also sluggish in January, declining by 0.4 per cent compared to a year ago, the Japan Department Stores Association said.

The fall was blamed on warm weather that cut into sales of winter-related goods, and falling demand for luxury items such as paintings and jewellery. However, sales of household goods, foodstuffs and personal items remained buoyant.

Many economists have argued that continued strong consumer spending would prevent the Japanese economy from falling into recession as the rate of economic expansion declines.

Bank of Japan intervention, Page 7

US to fund N-scientists

Continued from page 1

country could be turned into "one big Chernobyl".

The US and Russia agreed to keep working on further cuts in strategic nuclear weapons. Mr Yeltsin said he expected the matters being discussed would be ready for a formal agreement at a summit with president George Bush in July.

In Lisbon, Mr Douglas Hurd, the UK foreign secretary, yesterday expressed full support for the scheme.

However, Mr Roland Dumas, France's foreign minister, cautioned that creating the planned nuclear technology centre in Russia alone might appear to endorse Russia's nuclear monopoly and thus intensify its rivalry with other republics.

UK, EC agree on regional funds

By Philip Stephens in London and David Gardner in Brussels

THE UK government yesterday settled a long-running dispute with the European Commission which had blocked the release of about £120m ($217m) in European Community funds for Britain's depressed coal-mining regions.

Mr Peter Lilley, Britain's trade and industry secretary, said the government had agreed to introduce more "transparency" into the way it accounted for funds distributed by the European Regional Development Fund.

He told MPs that the government planned also to widen "competition" by allowing agencies such as British Coal Enterprises, Urban Development Corporations and regional development agencies to compete against local authorities for the EC funds.

Mr Bruce Millan, EC commissioner for regional policy, stressed yesterday that the agreement reached with the British government required that EC regional grants would now be "identified separately in expenditure programmes, and public expenditure cover (from the UK side) will automatically be made available for them."

Mr Millan claimed that the "automatic" nature of this matching finance was missing from yesterday's statement by Mr Lilley. He said that "the agreement we have reached is very clear" and that he hoped the government would abide by it honestly.

The deal, described by the opposition Labour party as a "humiliating climbdown", will allow the immediate distribution of £115m from the Community's Rechar programme to fund more than 50 projects in areas hit by coal mine closures. The agreement should also allow the Commission to lift a threatened block on up to £900m of regional funds for 1992-93 for a range of projects in depressed areas.

The dispute arose after Mr Millan demanded changes to ensure that money allocated to Britain would represent a clear "addition" to normal Treasury spending and that the EC money would reach the industrially stricken regions at which it was targeted.

Mr Lilley and the Treasury initially opposed any change in the way that the EC funds are included in the government's overall public spending totals. But Conservative MPs in areas denied the blocked funds had been pressing for a settlement before the general election.

Expatriates advised to leave Beirut

Continued from page 1

people to end this issue," Mr Rafsanjani told a news conference. "Theirs will not be a reflex reaction. They are going to be logical and reasonable."

In southern Lebanon, Hizbollah gunners launched a wave of rocket and artillery attacks on the "security zone" north of the Israeli border occupied by Israeli troops and their local militia allies. Some rockets fell harmlessly into Israel itself. Israeli forces responded with artillery barrages.

Lebanese army units were also reported to have been involved in the artillery exchanges in southern Lebanon, a rare direct confrontation with Israeli forces.

The Lebanese government, although at odds with Hizbollah, which defies its authority, called on the United Nations Security Council to discuss the killing of Sheikh Musawi.

France and Britain yesterday supported the US call for all parties to show restraint, reflecting fears that the increase in violence could threaten the Middle East peace talks next week.

The Israeli government said it would go ahead with the Washington talks, a position already confirmed by Syria and Lebanon. The other parties involved, Jordan and the Palestinians, have given no indication that they will reverse earlier decisions to attend.

The Musawi attack followed the killing of three soldiers in Israel by Palestinians on Friday and two retaliatory Israeli air raids on Palestinian refugee camps in Lebanon in which at least four people died.

The attack on the Hizbollah leader was greeted by the Israeli government and the defence establishment as a timely reassertion of the army's effectiveness after criticism of security at the camp where the three soldiers died.

The attack starkly exposed the often casual security at military and other vital installations within Israel. The government and military were stung by newspaper and opposition criticism that, for all the strong-arm tactics in the occupied territories and Lebanon, many "soft targets" in Israel remained relatively unprotected against infiltration.

Judge in Blue Arrow trial fuels row over future cases

By John Mason in London

THE controversy over trial by jury in the UK of large fraud cases grew yesterday as four former financial advisers convicted of secretly rigging the market during the 1987 Blue Arrow rights issue received suspended sentences.

Mr Jonathan Cohen, Mr David Reed and Mr Nicholas Wells, former County NatWest executives, were all sentenced to 18 months imprisonment, suspended for two years. Mr Martin Gibbs, a former Phillips & Drew director, was sentenced to 12 months, suspended for two years.

All four were convicted last Friday of conspiracy to defraud after a trial which opened more than a year ago and was the most expensive criminal prosecution ever held in the UK.

There were audible sighs of relief at the sentences from relatives and friends in the packed public gallery at the special Chichester Rents court in the City.

Explaining his decisions, Mr Justice McKinnon said the four had not planned to break the law. He denied they were getting off lightly.

But he warned that such trials before a jury would be at risk in the future unless the handling of such prosecutions is reviewed.

The judges uncompromising remarks will further fuel the chorus of demands for a radical rethink of how complex City fraud cases are dealt with by regulators and the legal system.

Mr Justice McKinnon said the year-long trial had placed an unacceptable burden on everyone concerned, including the jury.

He told the court: "What is beyond all doubt is that all involved in this case have had to endure what no one in our courts should be called upon to cope with.

Although Mr Justice McKinnon said he was not apportioning blame for the length of the trial, his remarks were widely seen as critical of the Serious Fraud Office which brought the prosecution.

Despite the jury's decision to convict the four men, the judge made no costs order, leaving the SFO to fund its £1.9m ($3.4m) prosecution itself. This decision was seen by lawyers as highly unusual under the circumstances.

Mr Wells and Mr Gibbs both left the court without making a statement on the decision.

Mr Jonathan Cohen, County's former chief executive, told reporters: "This has been a devastating week for me and my family. I reiterate that no action that I sanctioned I felt would prejudice anyone, but Irealise that the jury reached the conclusion that I must have done.

"There are many things I would like to say about the bringing of this prosecution, but I have been advised that since I am going to appeal in the hope of clearing my name it would not be appropriate to comment at this time".

All four confirmed their intention to appeal against their convictions. Should any of the four succeed in overturning their convictions, any return to City careers would depend on convincing regulators they were fit and proper people to re-enter the City.

The judge's decision not to imprison the four convicted men was not unexpected since all had been allowed home on bail after being convicted.

Mr Justice McKinnon said the four were guilty of a serious offence since many millions of Blue Arrow shares had been bought at the falsely inflated price following their decision to secretly support the issue themselves.

However, they had not acted for personal gain nor intended others to lose. They had acted under great pressure and from a desire to help Blue Arrow, their client, as well as their own companies.

Their careers, prospects and reputations had been effectively destroyed. No useful purpose would be served by sending any of the defendants to prison, he said.

Mr Justice McKinnon also rejected either fining the four men or disqualifying them from acting as company directors. He denied they were receiving favourable treatment.

THE LEX COLUMN

Germany holds on tight

Thanks partly to the low oil price, Germany should avoid the 5 per cent inflation rate which once threatened this spring. But that will be little comfort to those awaiting a Bundesbank rate cut. Even though it denied yesterday that wage settlements were directly linked to monetary policy, the central bank is clearly unhappy about the 6.4 per cent settlement for steelworkers. Worse still, January money supply figures due this week will show a further surge in M3, putting it outside the target range for several months to come.

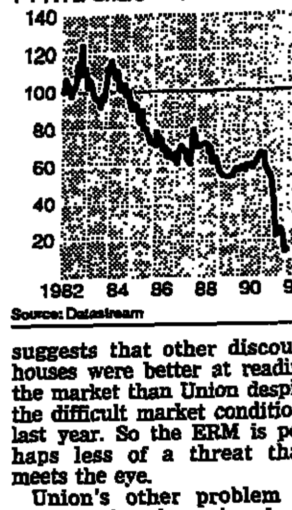
Indeed, the Bundesbank looks boxed in. Even if a weakening economy were now prompting second thoughts on monetary policy, it would be hard to find a convincing reason for cutting rates. The hawks on its governing council would hardly swallow the argument that credit demand has been artificially swollen not only by unification, but also, temporarily, by companies borrowing to offset cash flow tightness induced by the slowdown. Equally unbeguiling are expectations of lower headline inflation from July as last year's temporary tax increases drop out of the index. By then, US economic recovery may be pushing up both raw material prices and the dollar, adding to German inflationary pressures.

There is thus a real possibility that the Bundesbank may do no more for the balance of 1992 than trim money market rates, leaving official rates unchanged – unless, of course, it becomes really alarmed about the economy. It currently believes that activity will revive during the second half, fuelled partly by higher demand in the rest of Europe. Its own policies, however, reduce the prospect of a spontaneous European recovery, while the risk of a hard landing in Germany is growing.

FT-SE Index: 2,541.0 (+27.1)

Union Discount

Share price relative to the FT-A All-Share Index



Source: Datastream

Union Discount

Punting on short-term interest rates is inevitably risky, even for specialists such as the discount houses. But the swing from profits of £11m to a £3m loss from this side of Union Discount's business raises questions about what ERM membership has done to the sector as a whole. Union blames the inverted yield curve for its performance. That ought to be worrying because such a curve is likely to become more common given the need to shore up sterling against other European currencies. The evidence, however, suggests that other discount houses were better at reading the market than Union despite the difficult market conditions last year. So the ERM is perhaps less of a threat than meets the eye.

Union's other problem is that leasing has singularly failed to produce the high-quality earnings needed to offset the risks inherent in its main business. Yesterday's statement stressed the vigour with which it has tackled its leasing losses, but Union is still stuck with a capital-intensive business rather than one which generates a more appropriate steady cushion of fee income. That will take a long time to correct. Meanwhile the shares are hardly a bargain, even though at 146p they are at a 50 per cent discount to net assets.

William Low

The 15 per cent fall in William Low's share price yesterday was a harsh reaction to a profits warning, in a sector where consistent double-digit growth is considered normal. Other food retailers will doubtless argue that Low's problems stem from a unique combination of bad luck. Eighteen months after its £38m rights issue, a trough in its development cycle and one-off reorganisation costs have coincided with deep recession in its market. The abrupt departure last week of the group's managing director will not have helped the market's confidence.

But by next year, sales growth should accelerate afresh as new stores open for business. Low has always grown by leaps and bounds with the occasional stumble along the way. Assuming it makes about £20m pre-tax profit, a maintained annual dividend would be three times covered, so the group is unlikely to be another Asda. Other regional players like Morrisons have continued to perform well against the big chains, so the case for a second tier of supermarket operators looks solid enough for the moment. All the same, Low's problems are a reminder that even the smaller food retailers have ambitious growth assumptions. Judging by its reaction, the market intends to put a heavy price on any shortcomings.

Dalgety

Thanks mainly to its consumer products division, there is a solidity about Dalgety these days which belies its recent history. That the group is now firmly back in the dependable but dull category was exemplified by yesterday's 7 per cent increase in interim earnings. Gearing is a comfortable 35 per cent; the interest bill is more than 10 times covered. But profits growth this year will probably be not much more than 5 per cent.

Consumer products, mainly potato crisps and pot noodles, now account for nearly half the group's profits and are receiving the lion's share of new investment. That should keep Dalgety's progress in the right direction. Long-term investors will recall how the shares accurately charted the company's decline after the mid-1970s and are doubtless hoping for a return trip. In the meantime, the 7 per cent yield on the shares is sufficient compensation for the patience required of them.

Oil price

The speed with which Saudi Arabia and Iran distanced themselves from Opec's disappointing production agreement augurs badly indeed for the oil sector. By setting its next meeting as soon as April, Opec had already indicated that it had no great confidence in the deal's staying power. But for the Saudis to undermine it publicly, just as they appear to have done their best to stymie agreement in the first place, was an unexpected blow. The question is what they hoped to achieve by such an uncompromising stance. The oil price dropped below $18 per barrel yesterday. Given the combination of oversupply and recession, it is hard to see why it should recover. Perhaps the only hope is that cheaper oil will stimulate demand further out. But that seems a weak motive for shaking the cartel's foundations.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	11	52	Belgrade	R	4	39	Cape Town	S	27	81	Edinburgh	F	3	37	Inverness	F	3	37
Algiers	F	16	61	Berlin	C	0	32	Caracas	C	27	81	Faro	F	17	63	Islamabad	F	18	64
Amsterdam	S	3	37	Biarritz	S	9	48	Casablanca	S	23	73	Florence	S	10	50	Istanbul	F	13	55
Athens	F	15	59	Bombay	F	25	77	Chicago	C	3	37	Frankfurt	C	1	34	Jakarta	F	31	88
Bahrain	S	16	61	Bordeaux	F	9	48	Cologne	C	0	32	Geneva	Sn	1	34	Jersey	S	7	45
Bangkok	F	34	93	Boulogne	F	5	41	Copenhagen	S	-1	30	Gibraltar	C	17	63	Johannesburg	F	23	73
Barcelona	C	11	52	Brussels	F	2	36	Corfu	F	15	59	Glasgow	Sn	2	36	Lima	C	28	82
Beijing	S	7	45	Budapest	F	6	43	Dallas	C	13	55	Helsinki	S	-5	23	Lisbon	R	11	52
Beirut	S	16	61	Buenos Aires	F	31	88	Dublin	C	8	46	Hong Kong	F	15	59	London	F	5	41
Belfast	R	5	41	Cairo	C	18	64	Dubrovnik		-	-	Innsbruck	Sn	0	32	Los Angeles	C	12	54

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Luxembourg	Sn	0	32	Miami	S	19	66	Nice	F	13	55	Salzburg	Sn	0	32	Tenerife	F	19	66
Madeira	F	18	64	Milan	S	9	48	Nicosia	S	16	61	San Francisco	C	10	50	Tokyo	S	10	50
Madrid	S	12	54	Montreal	C	-3	27	Oporto	S	13	55	Seoul	S	2	36	Toronto	C	1	34
Majorca	F	12	54	Moscow	S	-10	14	Oslo	F	-1	30	Singapore	T	29	84	Tunis	F	15	59
Malaga	F	17	63	Munich	Sn	-1	30	Paris	C	5	41	Stockholm	F	-4	25	Valencia	S	15	59
Malta	S	16	61	Nairobi	F	28	82	Prague	C	-1	30	Strasbourg	C	4	39	Venice	S	8	46
Manchester	F	3	37	Naples	F	13	55	Reykjavik	Sn	-4	25	Sydney	C	22	72	Vienna	R	3	37
Manila	F	34	93	Nassau	F	29	84	Rhodes	F	15	59	Taipei	R	16	61	Warsaw	F	-4	25
Melbourne	S	31	88	New Delhi	S	19	66	Rio de Janeiro	F	37	99	Tangier	F	17	63	Washington	S	2	36
Mexico City	C	26	79	New York	S	3	37	Rome	F	14	57	Tel Aviv	S	16	61	Zurich	Sn	-1	30

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

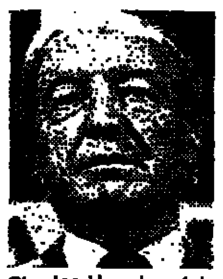
FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday February 18 1992

INSIDE

British Airways star moves to Sears

Mr Liam Strong, former marketing director of British Airways, yesterday took over as chief executive at Sears, the UK retailing group which includes Selfridges, Adams, Olympus, Wallis, Freemans and the British Shoe Corporation. While at BA he developed a reputation as something of a whizz-kid, his most famous coup being the launch of the World's Biggest Offer, a marketing campaign to stimulate air travel after the Gulf war. But he offers no sweeping new visions for the future Sears; nor does he suggest radical remedial measures. Page 25

Dublin weathers political storm



The dealing rooms of Dublin's stockbroking community have been a refuge of calm from the frenzy and commotion in the meeting rooms and corridors of the Irish parliament. The political upheaval, which culminated last week in the termination of the 38-year political career of prime minister Mr Charles Haughey (above), barely caused a ripple on the Dublin stock exchange. Back Page

From Uzbekistan with love

Uzbekistan's love-hate relationship with cotton has taken a turn for the better since the former Soviet republic declared its independence and has prepared to sell its output in international markets. Numerous cotton-related plans are now afoot to boost the Uzbek economy and to foster a full-scale textile sector. Page 32

Cessna sale to take off

At the end of the 1970s, Cessna employed more than 21,000 people and was viewed as the leading manufacturer of light aircraft. Today, the US company has one-quarter of that workforce and makes only corporate jets, plus *single-engine turbo-prop aircraft. The only* thing which has gone up is profit – 1991's $109m operating figure, according to Cessna, was the best in its history. Textron, the Rhode Island-based conglomerate, has just agreed to pay $600m in cash for the company. Page 21

Swedes encourage privatisation

"We want to turn the country into an investment market for buying companies and commercial property," Mr Per Westerberg, the Swedish industry minister, said yesterday. It is hoped that the main plank in his government's strategy – an ambitious industrial privatisation programme due to start this spring – will accelerate the internationalisation of Swedish industry. Page 20

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Aachen Mch Reg	888	+	28
Asko Prf	678	+	13
Herlitz	381	+	10
Metallg'schaft	407.5	+	8.7
Falls			
Bilfing Berg	953	–	11
Varta	305.5	–	7

PARIS (FFr)

Rises			
Alcatel Alsthom	586	+	9
Suez (Fin de)	322.4	+	9.5
Worms Cie	377	+	9.5
Falls			
Bancaire Cie	474.5	–	15.5
Beghin-Say C I	461	–	14
Dollfus Mieg Cie	277	–	7

TOKYO (Yen)

Rises			
Daito Trust	8600	+	730
Daiwa Const	940	+	90
Godo Steel	2510	+	170
Nichiro	550	+	45
Tosoh	590	+	45
Falls			
Toho Acetylene	310	–	28

New York closed.

LONDON (Pence)

Rises			
Adam & Harvey	218	+	13
Airtours	262	+	9
Brit Gas	248	+	7½
Glaxo	840	+	25
Harland Simon	203	+	10
Headlam	72	+	7
Huntleigh Tech	335	+	10
Macarthy	305	+	18
Smith (WH) A	458	+	13
Union Discount	146	+	11
Wickes	80	+	6
Wimpey (G)	117	+	6
Falls			
AMEC	142	–	5
Clarke Foods	118	–	15
Fleetech	150	–	6
Hewitt	121	–	16
Latham (James)	183	–	7
Low (Wm)	224	–	38
ML Hldgs	843	–	30
Petrocon	40	–	5
Scot Heritable	6½	–	3½

Fina poised to link with Saudi group

By **David Gardner** in Brussels

FINA, the US subsidiary of Petrofina, the Belgian oil company, is negotiating the formation of a joint venture with the private Saudi Arabian company, Arabian Petroleum. The deal could be worth more than $1bn.

If it goes through the venture would enable Petrofina, Belgium's largest industrial group, to sell part of a unit which has shown disappointing profits in recent years, and secure a long-term supply contract for crude oil from Saudi Aramco, Saudi Arabia's national oil company.

However, Fina stressed yesterday that it had been in negotiations with APC for more than two years.

The group said Delta International, a Saudi-registered company, would own Fina's downstream assets under the joint venture, but Fina itself would remain the operator.

Fina, based in Dallas, owns two refineries in Texas – at Port Arthur and Big Spring – with capacity of 210,000 barrels a day. It also owns around 3,000 service stations in the US, as well as pipelines, storage facilities and marketing operations.

Last year, Fina profits tumbled to $42m from the $125m recorded in 1990. Its turnover slipped 16 per cent to $3.3bn.

The company blamed low gas and crude prices, the US recession, and the expansion of Port Arthur which led to the temporary closing of several units.

For 1991 the full Petrofina group had sales of $16.6bn.

According to the Middle East Economic Survey, an oil industry newsletter, APC is poised to spend more than $500m for its unquantified share in the joint venture, in a deal which would be worth $1.3bn.

The newsletter said the term contract with Saudi Aramco would give Fina a secure supply of 75,000 barrels a day of crude.

Mr Rick Hagar, a spokesman for Fina in Dallas, said "we have not asked for a correction" in the newsletter, but stressed that "the value of the deal is not set" and will not be until negotiations were concluded.

The supply contract was "a very important aspect of the negotiations", he said. Fina produces only a 10th of the oil it puts through its refineries, shopping around for the rest from around six different sources.

Shares in Petrofina jumped by 1.7 per cent yesterday, rising by BFr175 to BFr10,500 following reports of the planned joint venture.

Nestlé seeks to extend freeze on Exor votes

By **Alice Rawsthorn** in Paris

THE battle over the ownership of Perrier, one of France's best known mineral water companies, moves into the legal arena today when a court at Nîmes, in southern France, will conclude the first in the series of cases which will be critical in determining the outcome.

The Nîmes court is considering a case lodged by Nestlé, the powerful Swiss food group that has staged a FFr13.42bn ($2.4bn) hostile takeover bid for Perrier, to freeze the voting rights on the shares held by Exor, the French property group which controls Perrier and which is allied with the Agnelli family of Italy.

Last month Nestlé, which has teamed up with Indosuez, the prominent Parisian bank, to stage its hostile bid, won an injunction to freeze temporarily the voting rights on the shares held by Exor, for which the Agnellis are in the throes of a FFr5.6bn friendly bid.

Today the court will decide whether to make that order permanent.

Next Tuesday the Paris commercial court is expected to deliver its judgment on a Nestlé action to try to nullify the FFr1.5bn sale earlier this year of a 13.8 per cent stake in Perrier to Saint Louis, the French sugar company associated with the Agnellis.

Nestlé, which this weekend won the French government's permission to go ahead with its bid, has argued that the share sale is invalid because it was orchestrated by the Perrier board, which is chaired by Mr Jacques Vincent who is also chairman of Exor, specifically to block its forthcoming bid.

The French stock market authorities have also examined this argument and could find "no definite proof" of a concert party.

Nestlé needs to win at least one of the two cases for its hostile bid to succeed.

Otherwise Exor and Saint Louis would be able to block its offer with their combined 49 per cent of Perrier's voting stock.

Meanwhile, the first indications have emerged of Perrier's financial performance last year. The group, which owns food brands including Roquefort cheese as well as its mineral water, saw overall sales grow 3.5 per cent to FFr13.55bn in 1991.

Sales in Perrier's mineral water division grew 4.9 per cent to FFr4.17bn in France and 2.2 per cent to FFr4.62bn in other countries. Roquefort's sales increased 4.7 per cent in the second half.

MAN confident despite 14% fall in new orders

By **Andrew Fisher** in Frankfurt

NEW order inflow at MAN, the German engineering group, fell 14 per cent to DM8.6bn ($5.4bn) in the six months ended December as a result of the world economic slowdown and the slackening of Germany's post-unification jump in demand.

But the group expects to maintain turnover and profits for the year to June 1992, because of a high order backlog.

MAN, whose products include trucks, printing equipment, diesel engines and industrial plant, said new domestic orders declined 12 per cent and those from abroad 16 per cent. Turnover in the July-December period was down 0.5 per cent to DM8.4bn. Domestic sales were 21 per cent higher but foreign sales fell 13 per cent.

The best performance came from MAN Nutzfahrzeuge, the commercial vehicle subsidiary, which produced a rise of 14 per cent in sales to DM3.8bn. This unit has benefited from demand connected with supplying and rebuilding the east German economy. Truck sales in other markets also advanced.

By contrast, MAN Roland, the printing equipment manufacturer, suffered a 7 per cent drop in sales to DM1.2bn. It recently announced plans to shed around 750 workers as a result of declining orders. The MAN group workforce fell by 900 people in the July-December period to 63,700.

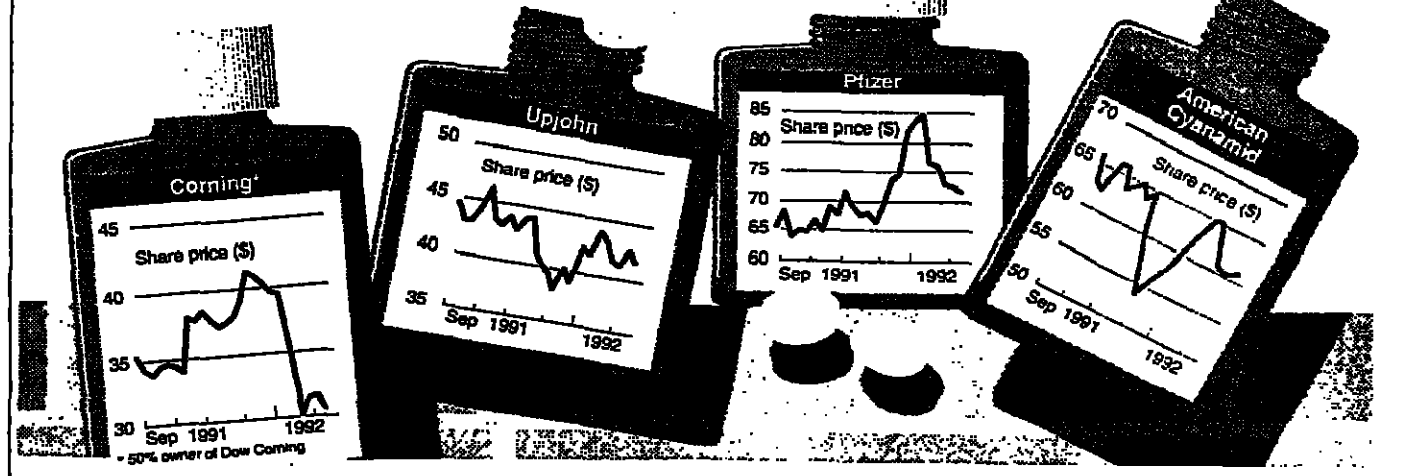
Because of its continuing high backlog of orders worth DM18.4bn at end-December, a 1 per cent rise on the previous year, MAN expects turnover to show an overall rise in the 1991-92 financial year. It said profits should be roughly unchanged. Last year, MAN increased net profits 24 per cent to DM406m on turnover 16 per cent higher at DM19bn.

● Employees of AEG Olympia, the loss-making office equipment subsidiary of the AEG electrical and electronics company, demonstrated outside the Frankfurt Stock Exchange yesterday in protest against the planned closure of its north German plant.

AEG, owned by the Daimler-Benz industrial group, is holding a supervisory board meeting today to discuss management proposals for the future employment of some of the 2,300 workers affected by the closure of Olympia's Wilhelmshaven plant.

AEG intends to leave the office equipment business by the end of this year, but has agreed to seek alternative employment outside the company for Olympia workers.

US drug companies



Alan Friedman and Karen Zagor
on safety of medical products

Ill health hits image of US drug groups

THE corporate world is at its most vulnerable when product safety is called into question – and nowhere is there greater sensitivity at present than in the area of health care.

In recent weeks there has been a string of criticisms of four US drug and medical product companies – Dow Corning, Upjohn, American Cyanamid and Pfizer. These have buffeted the industry, raised questions about the performance of the Food and Drug Administration (FDA) and worried consumers.

The issues involved go beyond the safety of a few products. They concern the basic question of how far the public is willing to trust drug companies and regulators to look after their interests. The debate has become all the more heated because of the way the the companies have chosen to meet their critics head on, with forceful rebuttals.

The most public – and controversial – issue concerns the charge that Dow Corning, a 50-50 venture owned by Dow Chemical and Corning, has misled US authorities about the safety of silicon-gel breast implants.

The company has denied any wrongdoing, but its parents have replaced the venture's top management. Starting today, an advisory panel to the FDA will conduct a review of whether implants – taken off the market last month – are safe or not.

A second controversy concerns Halcion, the world's most widely prescribed sleeping pill made by Upjohn. The manufacturer's critics, including Dr Ian Oswald, a retired professor of psychiatry at Edinburgh university, say Upjohn did not disclose not all the side-effects of Halcion to the FDA. The agency itself is accused of being less decisive than British health authorities, who banned the drug last October.

Claims that Halcion's side-effects may cause dangerous behaviour have been roundly denied by Dr Theodore Cooper, the combative Upjohn chairman. The company is suing Dr Oswald for libel. Upjohn has also served writs against the BBC – which broadcast a programme called "The Halcion Nightmare". Dr Cooper said claims Upjohn had concealed data were false and reckless, and that its critics were guilty of "junk science."

A third recent example is that of Pfizer, the drugs company, which says some 400 patients have either died or suffered from the internal fracturing of an artificial heart valve it stopped selling in 1986. The company does not accept that the valve is defective, but it has agreed to commit up to $505m to cover claims by recipients of the product who become ill or die.

American Cyanamid, another US drug company, has meanwhile become the subject of a government investigation amid claims that it falsified research data relating to a medicine contained in animal feeds.

Among these controversies, it is the breast implant issue that has moved most prominently from the health to the political arena. "Any time you mix sex, women, big business and the government, you get a political issue," said Mr Arthur Caplan, director of the Center for Biomedical Ethics at the University of Minnesota. "If these were hip replacements, you wouldn't have the same reaction."

Dow Corning is the world's biggest maker of breast implants, with a commanding share of a world market that already numbers 2m women recipients. The company has been damaged by both the government moratorium on implants imposed last month and by its inability to block the release of confidential documents that suggested doubts inside the company over the product dating back some 20 years.

One effect of these controversies is the potential threat to the US public's confidence in healthcare products. There has been no greater problem of corporate image since the barrage of criticism over Exxon's handling of the Alaskan oil spill three years ago.

Each of the safety issues has been simmering for many months. They attracted public attention only after lawsuits have been filed by patients claiming they had been injured.

In the case of Halcion, pressure on the the FDA to investigate mounted after an out-of-court settlement last summer, in which Upjohn, while not admitting any guilt, agreed to pay an undisclosed sum to a woman who had filed a lawsuit alleging that she murdered her mother in a fit of madness induced by her reliance on the sleeping pill.

The problem with breast implants, which have been on the market for decades, first came to a head in 1988 as a result of complaints from several women. Last December Dow Corning was ordered to pay $7.3m compensation and punitive damages to a San Francisco woman who had brought a lawsuit linking her ruptured implants to illness.

The company appealed against the decision, but more publicity followed Congressional hearings called by Mr Ted Weiss, a New York Democrat.

While the FDA has some of the most stringent pre-market testing requirements in the world, the agency has less power once drug and devices are on the market. There is no mechanism for monitoring problems once the products have received the FDA's formal blessing. There have been congressional proposals to give the FDA subpoena powers so it would have access to company records.

"This is a sterling example of why the FDA needs teeth," says Mr Caplan of the University of Minnesota. "As things stand, they have to wait for anecdotal evidence to trickle in."

Among the proposals put forward is one by Mr George Annas, professor of health law at Boston University's school of medicine, that would require doctors and drug companies to report problems to the FDA.

The impact of these matters, apart from adverse publicity and consumer worries, may also be financial. While Pfizer has agreed to set aside up to $505m, its share price was only affected temporarily. As far as Wall Street is concerned, the problem has been addressed by provisions.

At Upjohn, the Halcion issue is one of several factors that depressed the company's shares. Halcion, with $260m of annual sales, is Upjohn's second biggest drug product.

Dow Corning is not a publicly quoted company, but Corning, owner of 50 per cent of the venture, has seen its share price suffer from the publicity over breast implants. Dow Chemical, the other parent, is less reliant than Corning on revenues from the venture.

Despite the intensity of the public debate, it seems unlikely that there will be wide-ranging changes in the US regulatory process in the near future. The safety issues raised in each of these cases, however, will continue to preoccupy critics of the pharmaceutical industry.

Losses of £24m hit discount house

By **Richard Gourlay** in London

UNION DISCOUNT, the London discount house, yesterday reported heavy losses and the departure of Mr Graeme Gilchrist, its chief executive.

The company lost £23.6m ($42.7m) in 1991, following disastrous diversifications in the late 1980s and a sharp deterioration of the core discounting business. It made a pre-tax profit of £7.8m the year before.

Union's first loss on its discounting operations in 29 years highlights the problems facing London's nine discount houses through which the Bank of England channels liquidity to the commercial banking system and influences interest rates.

Following announcement of the losses, Mr Gilchrist is to take early retirement as chief executive and his duties will temporarily be taken by Mr Robin Herbert, chairman. Mr Herbert blamed the £2.91m losses in discount house operations, compared with £11.06m profit the year before, on very short-term interest rates which stayed higher than three-month rates throughout the year. Union Discount's main diversification, into asset financing, cost the company £16.25m at the operating level.

Union also made an exceptional charge of £9.47m, most of which covered the write-down of an Edinburgh building which was taken as security for its one property development loan in 1988. The company's equity and gilt-edged marketmaking division increased its profits from £2.27m to £3.90m.

Union Discount is paying a final dividend of 2p per share for a total of 13.5p against 35p a year earlier.

Lex, Page 18; Observer, Page 16; Background, Page 26

Dalgety ahead 4 per cent as market share increases

By Guy de Jonquières, Consumer Industries Editor, in London

DALGETY, the UK foods and agribusiness company, raised pre-tax profits by 4 per cent to £53.8m ($97.37m) in the six months to December 31, following increases in its share of the snacks and pet-foods markets and gains from corporate rationalisation.

Sir Peter Carey, chairman, said the result, which compared with £51.7m last time, was encouraging in the present UK economic climate. He forecast continued growth in consumer foods and ingredients.

However, Mr Maurice Warren, chief executive, said he expected little change in economic conditions before the middle of the year. "The upturn we were all hoping for in late autumn has not followed through. We are conditioning our manufacturing units to the idea that recovery will be very flat," he said.

Mr Warren also ruled out bidding for British Petroleum's nutrition businesses or for Unilever's agribusiness operations which were recently put up for sale. Though Dalgety regarded agribusiness as a core activity, it saw foods as the main focus of future growth.

Trading profit on consumer foods rose to £27.8m from £23.7m a year earlier on the strength of a strong performance by the Golden Wonder snacks business, which increased its share of a flat UK crisps market.

Spillers pet foods increased volumes by 7 per cent in spite of a decrease in the overall market.

Margins on baking mixes improved, thanks to rationalisation following the acquisition of Greens. Homepride benefited from the strength of the cooking sauces market, which grew by 22 per cent in value and 8 per cent in volume. Trading profit on food ingredients of £11.8m, against £11.6m the previous year, was held back by difficult conditions in milling and baking and by the weakness of catering.

Martin-Brower, the US food distribution company, increased its profit to £6.8m, from £6.6m, helped by favourable exchange rates, but tough trading conditions cut agribusiness profits to £11.9m from £12.2m.

Total turnover increased to £2.01bn from £1.9bn (£1.84bn when adjusted for disposals). Earnings per share rose 7 per cent to 18p from 16.9p, aided by a reduced tax rate, while net borrowings fell to £79m from £125m.

The interim dividend is raised to 7.5p from 7.15p.

Lex, Page 18

Wm Low warns on full-year profits

By John Thornhill in London

WM LOW, the Scottish supermarket group, alarmed the City of London yesterday by warning that full-year profits would fall below last year's £23.6m ($42m).

The announcement sparked a 38p fall to 224p in the company's share price.

Dundee-based Low blamed the recession for a fall in sales volumes and operating margins and the financial strains imposed by its ambitious store opening programme.

The group, which trades from 66 supermarkets, said sales volumes from comparable trading space were some 4 per cent to 5 per cent lower than in a good year but that this decline had had a disproportionate impact on margins.

Mr Jim Millar, chairman and chief executive, said: "Across the board we are still seeing double-digit sales increases on last year, including our new stores. But we tightened gross margins quite deliberately with our price freeze last year and have now seen a further tightening because of the sales situation and the rising costs in some of our older stores."

Low said it was confident that the benefits of the store opening programme would eventually flow through as planned.

The company opened six stores in the first half of the year, which incurred heavy promotional costs, but they are expected to contribute strongly to profits in the second half.

Mr Millar added there was no connection between the profits warning and the abrupt announcement last week of the departure of Mr Colin Mitchell as managing director after the company had been "unable to resolve the future role he would play in the organisation".

Mr Mitchell had been seen by many as Mr Millar's heir apparent.

"I am 61 and the board is well aware that the succession is something that has to be addressed," Mr Millar said yesterday.

Lex, Page 18

Sweden to launch strategy to attract foreign investors

By Robert Taylor in Stockholm

A FREE market industrial strategy with a direct appeal to foreign investors is about to be launched in Sweden.

"We want to turn the country into an investment market for buying companies and commercial property," said Mr Per Westerberg, the industry minister yesterday. "I want to see Swedish industry become much more internationalised."

The main plank in the strategy is the ambitious industrial privatisation programme due to start in the spring. There are 35 state controlled and partially controlled companies on the list for complete transfer to the private sector with a market value of SKr150bn, amounting to 11.1 per cent of Sweden's gross national product.

Mr Westerberg said there will be a sizeable state share issue every spring with a smaller one following each autumn.

Five large companies are being prepared for early privatisation. These are the industrial group Celsius, which has a strong defence product portfolio; the steel company SSAB; the mining group LKAB; OK Petroleum; and the food and pharmaceutical conglomerate Procordia which Mr Westerberg insists must be "broad privatisation with or without Volvo".

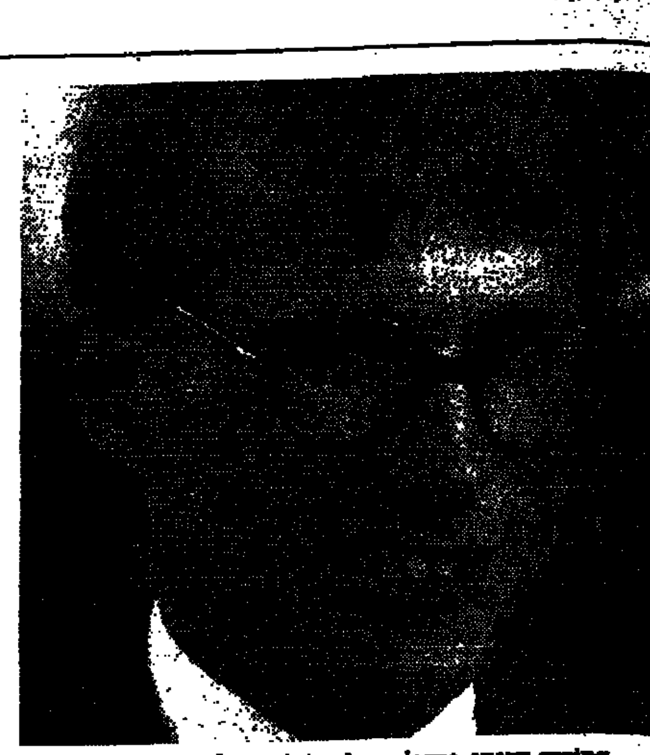
One of the companies will be chosen next month for complete flotation in the early summer. None is dependent on state subsidies. All have gone through restructuring and are making healthy profits, according to Mr Westerberg.

Only a handful of staff at the industry department will be involved in the process. Outside expertise is being bought in from the banks, auditors and solicitors from home and abroad.

Each company on the list will create its team complete with its own management, representatives from the government and, in time it is hoped, from the trade unions.

These will formulate the changes required to make their enterprises ready for the market and decide whether further capital is required for them.

The final decision on the timing of each privatisation remains with Mr Westerberg but he will be advised by a commission on the appropriate share price and other conditions for each sale.



Per Westerberg: plans state share issue every spring

Other measures in the pipeline from Mr Westerberg will involve;

- The abolition of the distinction between restricted and unrestricted shares. This change will come into force in January 1993 with the completion of the single internal market of the 19 nation European Economic Area although Sweden will continue to allow restrictive access to voting shares which still protect companies from foreign intrusion.
- The introduction of policies to increase more risk capital, particularly for small companies with changes in capital taxation and tax free loans for new enterprises on the German pattern.
- The lifting this summer of legal restrictions that hamper new companies being created by foreigners being launched in Sweden.
- The introduction of competition laws in the autumn with the creation of a new body with teeth to deal with price fixing and monopolies.

Iveco to set up Czech venture

By Ariane Genillard in Prague

IVECO, the truck and industrial vehicle arm of Fiat, is to create a joint venture with Tatra, the Czech vehicle producer. Mercedes-Benz recently announced plans to acquire stakes Avia and Liaz, Czechoslovakia's other two truckmakers.

Iveco will pay $20m for 51 per cent of a new company to which Tatra will contribute land. Tatra expects the new company to produce 500 trucks a year by 1993.

Tatra is Czechoslovakia's leading producer of heavy off-road trucks. In 1991, it produced an estimated 10,500 trucks, of which a large portion was sold to Siberian oil companies.

The company intends to privatise itself using the voucher programme, which consists of the distribution to the public of vouchers which become shares once the country's privatisation scheme is completed.

Mercedes-Benz, part of the German Daimler-Benz group, plans to take a 31 per cent stake in Avia as well as a 20 per cent stake in Liaz, Czechoslovakia's other two truck companies.

Avia, which produced 9,000 light trucks in 1991, lost most of its export markets but has successfully increased its domestic sales.

Liaz, on the other hand, produced a third of its 1990 sales level, making 5,000 heavy on-road trucks last year.

All three deals are awaiting approval of the Czech government which has criticised some of the requirements put forward by Mercedes-Benz. These include higher tariffs on the import of utility vehicles in Czechoslovakia and important tax breaks.

Norwegian snacks group rises 16% to NKr512m

By Karen Fossli in Oslo

FREIA MARABOU, the Norwegian branded chocolate, snacks and confectionery producer, has reported a 16 per cent increase in 1991 profits, before extraordinary items, to NKr512m ($80.9m). It plans to increase the dividend to NKr2.25 a share from NKr1.50.

The 1990 merger of Freia and Marabou has been an unquestionable success, the company said.

Group sales rose by 13 per cent to NKr5.401bn, while operating profit advanced 17 per cent to NKr548m. Freia said that chocolate sales improved by 10 per cent to NKr2.911bn, while operating profit rose 12 per cent to NKr329m.

Freia's chocolate business accounts for 51 per cent of group sales. Sales to Germany and the UK, the most important markets for chocolate, increased respectively by 46 per cent and 20 per cent.

Confectionery sales rose 11 per cent to NKr655m, while operating profit improved by NKr23m to NKr33m. This was helped by better co-ordination of business activities. Sales of snacks rose 20 per cent to NKr992m and operating profit increased by 11 per cent to NKr111m. Freia said it had improved as market leader in Scandinavia and commanded a 50 per cent market share.

The group's other food products lifted sales by 10 per cent to NKr1.213bn.

Freia said that the rise in profits was due mainly to a increase in Sweden by biscuits, breakfast cereals and ketchup.

Top Finnish banks on credit watch

By Robert Taylor

BOTH of Finland's leading commercial banks – Kansallis-Osake-Pankki and Union Bank – have been placed on credit watch with "negative implications" by the international rating company Standard and Poor's.

This follows the announcement of a FM1.7bn ($383m) net loss by KOP last year and a deficit in 1991 of FM128m by Union Bank due mainly to high credit losses. Standard and Poor's said that its decision to place both banks on credit watch stemmed from their poor short-term prospects.

It added that KOP seemed unlikely to issue equity in the short term because of the overall weakness of domestic share prices combined with the suspension of the 1991 dividend and there was likely to be a deterioration in KOP's core capital position.

Union Bank's results were reported last Friday as a FM128m profit. This should should have read as a loss.

Hungarian offshore bank posts strong advance

By Nicholas Denton in Budapest

CENTRAL-European International Bank (CIB), based in Hungary and the first offshore bank in central-eastern Europe, yesterday reported 1991 pre-tax profits of $33.4m, sharply up on a year earlier.

CIB made $15m in 1991 after provisions, a rise of 47 per cent, and Central European Credit Bank (KHB), its wholly-owned Hungarian subsidiary, contributed Ft1.4bn ($18.4m) to the result.

The 1991 earnings continue the record of lucrative returns for Banco Commerciale Italiana, Bayerische Vereinsbank, Société Générale, the Long-term Credit Bank of Japan and the Taiyo Kobe Bank, the five foreign banks which together control 66 per cent of CIB. National Bank of Hungary, the Hungarian central bank, holds the remaining shareholding but is expected to withdraw eventually.

The results, in proportion to paid-in capital of $35m, demonstrate the attractions of these Hungarian financial institutions which are relatively unencumbered by bad loans to insolvent state-owned companies.

CIB attributed the profits growth to the healthy state of its main trade financing and short-term corporate lending business. CIB said it financed 15 per cent of Hungarian trade turnover in 1991. One of the banks' main clients is Tungsram, the Hungarian subsidiary of General Electric, the US company.

Bow Valley posts C$258m deficit after write-down

By Bernard Simon in Toronto

LOWER OIL and gas prices combined with a large write-down to push Bow Valley Industries, the Canadian energy producer controlled by British Gas, into the red last year.

The Calgary-based company's net loss was C$258.7m (US$219.2m), or C$3.31 a share, compared with 1990 earnings of C$49.7m, or 47 cents.

Before a fourth-quarter write-down of C$268.8m, last year's net income was C$10.1m. The write-down stems from an annual comparison between the book value of Bow Valley's Canadian assets and expected future revenues based on constant prices.

The company said the book value of its interests in Indonesia and the UK, centred on the Brae Field in the North Sea, remained unimpaired.

Operating revenues fell by 24 per cent to C$267m, due to lower production and prices.

Oil output declined to 29,400 from 34,100 barrels a day, partly as a result of fourth-quarter maintenance work at Brae and disappointing drilling results at South Brae.

Natural gas production slipped to 166.1m cu ft a day from 173.7m cu ft, while the average price was down to C$1.46 per metric cubic foot from C$1.51.

British Gas has a 54 per cent stake in Bow Valley. The UK company announced earlier this month that it would soon spin off to the public 15 per cent of its Canadian distribution utility, Consumers Gas.

Textron takes the controls of an overhauled Cessna

Nikki Tait profiles one of the best-known names in US aviation following its $600m acquisition

A LARGE billboard at Cessna Aircraft's Wichita, Kansas, headquarters proclaims: "From zero to 500 in 6.7 years." Employees usually chuckle at this adman's spoof of car industry marketing – it has nothing to do with acceleration but everything to do with the sales performance of a significant product line.

There is, however, nothing laughable about the $600m cash price that Textron, the Rhode Island-based conglomerate, has just agreed to pay for Cessna. The deal was the outcome of an auction which General Dynamics, the defence contractor and Cessna's former owner, initiated last autumn.

Nor is there anything laughable about the radical overhaul which one of the best-known names in US aviation has faced during the past decade. At the end of the 1970s, Cessna employed more than 21,000 people – 16,000 in Wichita alone – and was viewed as the leading manufacturer of light aircraft.

Today, it has one-quarter of that workforce and makes only corporate jets, plus a range of single-engine turbo-prop aircraft. The only thing which has gone up is profit. The $109m operating figure for 1991, according to Cessna, was the best in its history.

Nobody could claim that this corporate metamorphosis was achieved against an easy industry background. It has been calculated, for example, that US general aviation manufacturers shipped only 1,021 aircraft last year – the lowest annual figure since the Second World War. That represents an 11 per cent drop from the previous year, and took total industry billings below $2bn.

Reasons for the depressed situation are not difficult to identify. Part of the problem is attributed to the explosive growth in product liability costs, which is, in turn, a reflection of US tort claims and litigation.

Back in 1986, for example, Cessna's chairman, Mr Russ Meyer, told a Senate aviation sub-committee that the company's premium for liability insurance had soared from $5,000 per aircraft in 1983, to $90,000.

Not surprisingly, US manufacturers of small, single-engine aircraft found the economics becoming hugely unfavourable. Cessna – which had once produced nearly 9,000 piston-powered aircraft in a year, and whose 172/Skyhawk model was built in greater numbers than any other aircraft – pulled out of this market in the mid-1980s.

Piper Aircraft, another leading small-aircraft manufacturer, filed for bankruptcy protection last July.

The net effect of this retreat was reflected in last year's numbers: US suppliers produced only 613 piston-powered aircraft in 1991, compared with 17,000 in 1978.

The tax climate has deteriorated, too. The General Aviation Manufacturers Association (Gama), the US industry's trade body, has been lobbying hard for the reintroduction of "investment tax credits" and repeal of the "luxury tax" on business aircraft mandated by Congress. Gama took some heart from fiscal proposals contained in President George Bush's state of the union address last month, but still maintains that more could be done.

Finally, there is the recession. Business aircraft tend to be viewed as an executive luxury, and when the outlay for a corporate jet ranges between $2.5m and $25m, this presents an expense that can be easily pruned. As one analyst puts it: "When you're laying off hundreds of workers, buying a corporate jet just does not look good."

It is true the business jet market held up rather better than general aviation last year. However, the 186 business jets sold, although 10.7 per cent higher than the 168 jets sold in 1990, was still only half the 389 delivered in 1981.

Cessna is no stranger to hard times. Founded in 1927 by Clyde Cessna, whose mechanical interest surfaced when he fixed farm equipment on his father's Kansas homestead, the company teetered on the brink of bankruptcy during the Depression. In the event, Cessna did not fail, but between 1931 and 1933 not a single aircraft was produced.

Cessna's reshaping during the 1980s was perhaps more subtle, but no less dramatic. As losses started to mount early in the decade, sales of non-core assets flowed, coupled with job cuts and abandonment of the piston aircraft market. In 1985, General Dynamics bought the struggling company for some $664m, but Cessna, at least, maintains the relationship had always been hands-off.

"General Dynamics came along when we needed the assistance of a large corporate parent, particularly to build some of the new designs we were looking at," says Mr Roy Norris, senior vice-president of marketing.

"When Cessna was first acquired, and during the first year of ownership, they made some modest contribution of funds. But following that, all of our new aircraft programmes and aircraft introductions, were funded totally out of the earnings of the company."

Cessna has enjoyed some breaks. Federal Express became a key customer for the company's Caravan turboprop aircraft – a utility aircraft which was originally designed "for flying into the bush". Of the 500-plus sold to date, about half have gone to the package delivery company.

But perhaps the most significant element in Cessna's overhaul was the decision to concentrate on the corporate jet market, where it has come to command a 60 per cent share.

At the bottom end of its range, Cessna offers the small Citation Jet, costing $2.62m and still at the prototype stage. Deliveries are due to start later this year. At the top, there is the Citation X, due to come on stream in 1995 and billed as the fastest-ever business jet.

Coupled with fairly resilient sales for existing Citation lines, this new focus helped push revenues to around $820m last year, and the order backlog to over $1bn.

Cessna says the market has been tough, but bearable: "We saw a little softness last year, but nothing of the order of magnitude we were hearing from other people in the industry," says Mr Norris.

But the switch in emphasis, plus the domestic recession, has necessitated more attention on the overseas market. Sales outside the US have accounted for half the total in recent years, compared with 14 per cent in 1984. New marble-clad "showroom" facilities have been carved out of the delivery hanger, and tastefully under-stated suites await would-be buyers at the Wichita offices.

As for the new relationship with Textron, whose extensive operations also take in Bell Helicopters, these are early days. A little warily, Cessna executives say they hope to keep their operational independence, but acknowledge possible marketing synergies.

International Semi-Tech in $140m Singer issue

By Bernard Simon

INTERNATIONAL Semi-Tech Microelectronics, the fast-growing Toronto-based holding company, is raising US$140m through a Hong Kong affiliate by issuing shares to the public in Singer, the sewing machine and household appliance company.

Semi-Tech Global, a Hong Kong-based public company 40 per cent owned by ISTM, plans a secondary offering of 7m Singer common shares at US$20 each. Another 1.1m shares would be available, if necessary, to cover any over-subscriptions.

The issue will cut Semi-Tech's stake in Singer from 67 per cent to 51 per cent.

The bulk of the offering will be in the US, but a tranche of 1.75m shares will be available to an international syndicate led by Merrill Lynch, Barclays de Zoete Wedd and Credit Suisse First Boston.

Singer was listed on the New York Stock Exchange last August. Its shares were trading at $20.25 each before yesterday's announcement.

Mr James Ting, Semi-Tech's chairman, said the proceeds would be used for acquisitions to complement Singer's businesses. He said Semi-Tech had no intention of further reducing its stake in Singer.

Chilectra raises $72m for expansion

By Leslie Crawford in Santiago

CHILECTRA Metropolitana, Chile's largest electricity distribution company, has raised $72m from US institutional investors in order to participate in the privatisation of Argentine utilities.

Chilectra is the second Chilean company to issue American depositary receipts (ADRs), the instrument through which foreign companies are able to sell equity in the US.

Its success, following that of the trail-blazing Compania de Telefonos de Chile, may persuade other Chilean companies to tap the US capital markets to finance their expansion plans at home and abroad.

The company said the ADR offering had been heavily oversubscribed and attracted interest not only in the US but also from institutional investors in Asia and Europe. The private placement was managed by J.P. Morgan, the US investment bank.

Chilectra forms part of Enersis, a fast-growing group of private electricity companies whose profits last year topped 49bn pesos ($130m) – a 34 per cent return on assets.

The Chilean company is particularly interested in bidding for Segba, Argentina's biggest utility, when it comes up for sale this year. Chilectra is talking to potential partners in the US, Spain and France on a possible joint bid.

Bad debt provisions push Bikuben into the red

By Hilary Barnes in Copenhagen

BIKUBEN, the first of the large Danish banks to publish its 1991 results, suffered a DKr2m ($317,000) pre-tax loss last year after increasing bad loan provisions from DKr920m to DKr1.38bn. In 1990 the bank recorded a pre-tax profit of Dkr80m.

The bank said at the half year that it expected second-half provisions to decrease. However, the continuing recession in Denmark, as well as in several of its most important trading partners, had affected both business and personal customers, said Mr Borge Munk Ebbesen, the group's chief executive.

Bikuben raised DKr500m through a new share issue in November. The bank then forecast that 1991 results would be very close to break-even.

Despite the small loss last year, the bank's capital adequacy ratio was 11.4 per cent, compared with the legal minimum ratio of 10 per cent.

● *Unibank, Denmark's second* largest bank, is streamlining its management structure and giving the group management a tighter grip on credit decisions, which have been the responsibility of the bank's four divisions.

The move by the bank, which publishes its 1991 results today, is seen as a recognition of the problems it has faced since it was formed in 1990 by the merger of Privatbanken, SDS and Andelsbanken.

The first sign came with the 1991 half-year results which showed a pre-tax profit of DKr728m, compared with DKr1.5bn for its rival, Den Danske Bank.

Since then the equity market has marked down Unibank. Shares of Unidanmark, the holding company, have recently traded at around DKr210.

The decision last week by Moody's, the US rating agency, to place Unibank's long-term debt rating under review was another blow. Moody's *expressed concern at the quality* of the bank's assets.

Steady growth at Akbank

By John Murray Brown in Ankara

AKBANK, Turkey's largest private bank, saw after-tax profits for the year to December 31 rise 6 per cent to US$265m.

Profits rose from TL733bn to TL1,343bn, although this does not reflect Turkish inflation at around 70 per cent, and depreciation of the lira during 1991.

Mr Erol Sabanci, bank chairman, predicted Akbank would continue to be the most profitable bank in Turkey in 1992.

Akbank is majority-owned by Sabanci Holdings, Turkey's largest industrial group, and has proven one of the most conservative of Turkish private sector banks.

Unlike its competitors, it has not ventured into fund management and equity trading.

The bank's deposit base remains strong at around TL2,511bn, while loans extended was slightly down at TL1,708bn.

Vard suffers NKr115m loss

VARD, the Norwegian cruise ship and ferry owner, suffered a NKr115m ($18.2m) loss in 1991, compared with a NKr191m profit in 1990, writes Karen Fossli in Oslo. The setback was mainly due to Kloster Cruise, which posted a NKr126m operating loss for the year.

INTERNATIONAL COMPANIES AND FINANCE

Jennings remains deep in the red at halfway stage

By Bruce Jacques in Sydney

JENNINGS, Australia's biggest home builder, has remained deep in the red in the first half to December after further big extraordinary losses in its problem areas.

The company, whose operations are at the cutting edge of the Australian recession, reduced extraordinary losses to A$32.6m (US$24.6m) net from A$96.6m a year earlier.

This still swamped slightly improved operating earnings – up to A$3.7m from A$1.1m – and left the company's net earnings A$27.9m in the red.

Although this was an improvement on the previous half's A$94.4m net loss, directors have omitted the interim dividend compared with a 2 cents a share payout a year earlier. The result followed a fall in sales revenue to A$301.2m from A$370.7m.

Jennings is involved in a programme of asset sales, rationalisations and debt rescheduling, moving back to its core business of house building. The biggest item in its extraordinary losses was business writedowns and closure costs.

The directors said asset sales came to A$45.4m and disposals since December 1990 totalled A$225m.

"The company will continue to dispose of non-core assets over time and as market conditions permit, to achieve maximum economic value for shareholders," they said.

"Management is targeting sales at the rate of approximately A$100m per annum over the next 24 to 36 months. The timing of sales and the realisation values achieved will be dependent upon market conditions over that period."

"Whilst good progress has been made to date with the company's asset sales programme, Jennings continues to have a substantial exposure to the commercial, tourist and retail property sectors in Australia and the outlook for commercial property in particular remains very clouded.

"The company's asset values would be vulnerable to any further decline in those areas, and sales prospects are dependent upon a variety of factors which are difficult to predict."

The directors pointed to "tentative signs" of the Australian economy emerging from recession, but they said recovery in the housing sector would depend on consumer confidence levels.

The operating profit followed a tax provision of A$2.4m compared with A$295,000. Interest charges eased to A$9.5m from A$12.9m, while depreciation was down to A$2.1m from A$2.8m.

Proton public offering heavily oversubscribed

By Lim Siong Hoon in Kuala Lumpur

THE public offering for 30 per cent of the shares in Perusahaan Otomobil Nasional (Proton), Malaysia's national car maker, was oversubscribed 6.44 times.

The company – a joint venture between the Malaysian government and Mitsubishi of Japan – received M$2.1bn (US$808m) in bids for the 55.5m shares offered to the public at M$5 each.

This was in spite of the company predicting a fall in pre-tax profits over the next two years.

Under government listing rules, the allocation of shares must be made along ethnic lines.

Proton employees were allocated 5.7m shares, while the balance was reserved for government-approved Bumiputra, or Malay, investors.

Almost 98 per cent in the employee portion was subscribed; details of Bumiputra bids were not disclosed.

UMW improves 5% but warns of fall in car sales

By Lim Siong Hoon

UMW, the Malaysian motor and heavy equipment group, yesterday reported a 5 per cent rise in its pre-tax profits to M$208m (US$79.4m) for 1991, but warned that the current year's car sales are likely to suffer "in line with industry expectations".

The group's main business is assembly and distribution of Japan's Toyota vehicles.

Many distributors have reported lower sales in the last few months mainly due to high interest rates and tighter credit.

UMW's 1991 turnover rose by 6.5 per cent to M$2.1bn from M$1.9bn, and operating profit was nearly 5 per cent higher at M$205m.

Associates added M$8m to pre-tax profits.

Profits after tax and minorities improved 4 per cent to M$113m, but fell 9 per cent to 52.8 cents on a per-share basis, partly as a result of an increase in equity from loan stock conversion to shares.

The group has recommended a final dividend of 7.5 cents a share, making a total of 15 cents, unchanged from a year earlier.

Freight company formed

THREE Singapore companies have formed a regional cargo aircraft freighter company called Asia Pacific Air Cargo (Apac), AP-DJ reports from Singapore.

Apac said it would initially operate short-haul regional routes to less-served destinations, carrying largely special and outsized cargoes, in addition to general cargoes. It plans to operate regular flights to Malaysia, Myanmar, Philippines, Taiwan, Thailand and Vietnam.

Canon rises 3.9% before tax

By Emiko Terazono in Tokyo

CANON, the Japanese precision instrument maker, yesterday announced a 3.9 per cent rise in unconsolidated pre-tax profits to Y76.1bn ($618.7m) for the year ended last December, thanks to continued strong sales of its computer printers using new bubble jet and laser technology.

The company's announcement comes at a time when profits at Japanese high-technology companies are being squeezed by sluggish exports and lower profit margins.

Sales at Canon rose 15.3 per cent to Y1,073.4bn from Y931.30bn. Canon said that sales of its office automation machinery, including its computer printers, which rose 13 per cent to Y793bn, helped sustain profits.

Camera sales increased 25 per cent to Y220.7bn. Exports rose 18 per cent to Y812.7bn, while domestic sales rose 7 per cent to Y260.6bn.

The company suffered exchange rate losses due to the yen's appreciation against the dollar, but interest received on deposits rose by 18.4 per cent to Y25.7bn due to higher interest rates and an increase in short-term funds due to warrant-bond issues worth Y100bn.

For the current year Canon expects a slowdown in sales and profit growth, with a 1.1 per cent rise in non-consolidated pre-tax profits to Y77bn on a 7.1 per cent rise in sales to Y1,150bn.

Canon expects to maintain capital investment at high levels at Y75bn, a 5.4 per cent increase from the previous year.

JAL plans to increase air fleet by 33%

JAPAN Airlines (JAL), the Japanese national carrier, plans to increase the size of its fleet by a third to 134 aircraft by 1996-97, Reuter reports from Tokyo.

This forms part of the airline's five-year business plan which it updates every year and under which it aims for sales of Y1,600bn ($13bn) in the year starting April 1 1996, against Y1,120bn in 1990-91.

It plans to increase its fleet to 110 aircraft by end-1992-93 with the introduction of 15 aircraft and retirement of eight-year-old aircraft. To cope with a shortage of pilots, JAL plans to train and use about 300 foreign pilots by 1994-95.

JAL plans to expand its overall business by 6 per cent a year during the five-year period. It wants to expand domestic passenger operations by 9 per cent, international passenger operations by 6 per cent and international cargo operations by 4 per cent.

Among its business management goals, JAL aims to secure a one-third share of the domestic passenger market and strengthen cost competitiveness.

In spite of a current downturn in air transport both at home and abroad, the airline expects demand to pick by 1993-94 at the latest.

As part of JAL's business plan, the airline plans to open at least four domestic routes from Osaka and at least five domestic routes from other regional cities.

Israeli telecoms group boosts year's net earnings by 77%

By Hugh Carnegy in Jerusalem

ECI Telecom, one of Israel's fastest-growing companies, posted a 77 per cent increase in net profits in 1991 to $27.4m as demand for its capacity-enhancing voice and data circuit multiplying equipment rose sharply in its main North American and European markets in spite of recession.

ECI, which like a growing number of successful Israeli high-technology companies is quoted on Nasdaq in the US, has managed spectacular growth since the late 1980s when it rebounded from a period of losses by shifting away from defence to civilian products, which account for the majority of sales.

Sales last year, most overseas, were a shade under $114m, up 53 per cent over 1990 and more than twice the $53m reached in 1989. Mr David Rubner, the chief executive, said a feature of 1991 had been ECI's penetration of eastern European markets. Sales to state telecommunications concerns in eastern Germany, Hungary, Poland and Bulgaria accounted for about 15 per cent of the total, he said.

The company, whose main shareholders are Israel's Clal group and Mr Charles Bronfman, the Canadian investor, is offering a two-for-one share split as dividend to increase share liquidity.

● Meanwhile, Koor Industries, the conglomerate rescued last year by its creditors from a crippling debt burden, is planning to follow the example of ECI and similar companies by floating roughly one-third of its telecommunications and electronics subsidiary Tadiran on New York markets, spurning the narrow-based Tel Aviv stock exchange.

Tadiran, signalling a $30m net profit in 1991 after a period of heavy losses, was recently valued by Israeli consultant banks at between $260m and $330m.

Koor is shortly to pick the main underwriting bank from a shortlist of Merrill Lynch, Shearson Leaman, First Boston and Kidder Peabody.

Mr Benjamin Gaon, Koor chief executive, remarked that times had changed since Koor's US creditors had threatened it with liquidation.

"It is amazing. This time they are chasing us to do business with us, not the other way around."

Malaysian power sell-off to raise almost M$3.1bn

By Lim Siong Hoon

MALAYSIA begins its largest privatisation and flotation sale in two weeks with Tenaga Nasional, the state-owned power generating and distribution monopoly.

The Malaysian government's offer of 23 per cent, or 685m shares, of the group, will draw nearly M$3.1bn (US$1.2bn) from the equity market compared with a total of M$3.8bn raised in rights issues last year.

At M$4.50 a share Tenaga is valued at M$13.5bn, compared with a total of about M$150bn in market capitalisation for the existing 300 or so companies listed on the Kuala Lumpur stock exchange.

Underwriting the Tenaga sale are 48 of the country's 50 stockbrokers and all its dozen merchant banks.

Group pre-tax profit for the year to August is forecast to increase by 54 per cent to M$1.1bn from M$692m last year, and a further 17 per cent to M$1.2bn in 1993-94. Tenaga's shares are priced at about 11 times earnings.

In the distribution of the Tenaga sale, Malaysian and foreign investors will be allocated 44 per cent of shares available; employees will share about 3 per cent. Government-approved Bumiputra or Malay investors and their investment institutions will be allotted the balance of 360m shares.

Tenaga has an installed generating capacity of 5,000 MW and supplies to 3m consumers, half of them in the industrial sector and 30 per cent in commerce. It has assets of M$14.8bn, and plans to invest M$37.7bn for the rest of the decade.

Tenaga's sell-off follows the 30 per cent offer for Proton, the state-owned car maker, last month.

The sale of 25 per cent of Telekom, the telecommunications monopoly, raised M$2.5bn in 1990, but its share value has since doubled to M$10.

● Guthrie, a Singapore construction group, is offering $1.68 a share for a controlling stake in its associate L&M Group Investments. Guthrie intends to place out shares in excess of 51 per cent through Smith New Court Securities, the brokerage, and Nomura Singapore, the merchant bank.

Misawa takes 13% stake in ailing builder

MISAWA, a Japanese property group, is to take a 13 per cent stake in Ishihara Construction, an ailing contractor, for an undisclosed sum, Reuter reports from Tokyo.

Misawa's purchase of 5.42m Ishihara shares aims to help reconstruct Ishihara, which is in financial trouble because it guaranteed a large debt for steel-frame maker Kyowa, a company at the heart of a political scandal. Kyowa was declared bankrupt last May with debts of about Y200bn ($1.6bn).

Ishihara had guaranteed Y21bn of Kyowa's outstanding debt and has been obliged to put up three Japanese properties and another in Malaysia as collateral for the debt. The contractor had guaranteed loans totalling Y4.6bn for Ohira Sangyo, a failed property group.

"We consider this purchase an investment in the future of Ishihara, which has good engineers and a good reputation for high-rise building construction," Misawa said.

Ishihara is listed on the Tokyo stock exchange's second section. Misawa is the main shareholder of Misawa Homes, the Japanese home builder.

INTERNATIONAL CAPITAL MARKETS

Strong rise in yen fuels demand for Japanese bonds

By Sara Webb in London

THE SHARP rise in the yen against the US dollar following central bank intervention, pushed up Japanese government bond prices yesterday.

The yield on the benchmark

GOVERNMENT BONDS

No 129 moved from its opening level of 5.47 per cent to close at 5.39 per cent on above-average trading volume. Dealers noted strong demand for yen bonds as the Bank of Japan and US Federal Reserve intervened in the foreign exchange market, selling dollars for yen when the US currency reached Y128.

Altogether, dealers estimated about $500m was sold yesterday. The yen strengthened from Friday's closing level in New York of Y127.80, to Y126.93 on Monday. A strong yen increases the attraction of yen assets for investors and gives the Bank of Japan more freedom to ease monetary policy and cut the official discount rate.

A senior Japanese Finance Ministry official was quoted as being in favour of a stronger yen, indicating the level achieved at the time of the Group of Seven nations meeting in late January when the dollar traded at around Y124.5.

■ UK government bonds gained up to half a percentage point yesterday, making up for Friday's correction in the market and fuelled by hopes of a cut in the UK base rate.

Traders said the gilt-edged market was oversold on Friday, following the fall in the US Treasury bond market, but sterling's strength and hopes of lower interest rates helped the market to recover yesterday.

The 10 per cent gilt due 1994 rose from 101 1/16 to 101 1/4 while the benchmark 11 3/4 per cent gilt 2003/07 climbed from 115 23/32 to 116 1/8.

Volume in the futures market was below average as participants waited for today's release of the Public Sector Borrowing Requirement figures.

■ GERMAN government bonds ended little changed on the day in dull trade as market participants waited for the reopening of the US market to provide some direction.

In the futures market, the March Liffe bund futures contract traded at 87.87, up eight basis points from Friday's close after trading in a narrow range.

■ US markets were closed for Presidents Day.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	99.3307	+0.384	10.10	10.08	9.96
BELGIUM		9.000	06/01	101.6500	-0.100	8.73	8.65	8.66
CANADA †		8.500	04/02	100.3000	+0.100	8.45	8.28	8.19
DENMARK		9.000	11/00	102.3000	-0.150	8.60	8.53	8.51
FRANCE	BTAN	8.500	03/97	98.7678	-0.038	8.79	8.70	8.65
	OAT	8.500	11/02	100.0900	+0.170	8.47	8.47	8.38
GERMANY		8.000	01/02	100.6200	+0.100	7.91	7.88	7.86
ITALY		12.000	02/02	98.1400	-0.070	12.33	12.28	12.47
JAPAN	No 119	4.800	06/99	95.2429	+0.349	5.72	5.79	5.61
	No 129	6.400	03/00	105.7198	+0.414	5.39	5.48	5.34
NETHERLANDS		8.250	02/02	99.5900	+0.070	8.31	8.30	8.23
SPAIN		11.300	01/02	102.7600	+0.090	10.82	10.84	10.96
UK GILTS		10.000	11/95	102-01	+4/32	9.45	9.42	9.63
		9.750	08/02	102-25	+8/32	9.33	9.35	9.44
		9.000	10/08	96-27	+9/32	9.13	9.14	9.17
US TREASURY *		7.500	11/01	100-21	+0/32	7.40	7.22	7.10
		8.000	11/21	101-00	+1/32	7.91	7.79	7.63

London closing. *London closing prices, †Canada morning session Yields: Local market standard
Prices: US, UK in 32nds., others in decimal Technical Data/ATLAS Price Sources

Malaysia ruling on foreign stockbrokers

FOREIGN stockbrokers with representative offices and research units in Malaysia must apply for an investment advisory licence by the end of the year or face closure, according to Mr Nik Mohamed Din, Kuala Lumpur Stock Exchange (KLSE) executive chairman, Reuter reports.

Foreign stockbrokers in equity tie-ups with local brokers need not apply for a separate licence, but must move to the offices of the local partners, under the ruling from the Ministry of International Trade and Industry. Foreign brokerages have rushed into Malaysia since the KLSE split with the Stock Exchange of Singapore in 1990. Some have linked with local brokers while others operate as research units without having to obtain an investment advisory licence.

Warrants launched on four UK water stocks

By Tracy Corrigan

SALOMON Brothers has launched 10m put and 10m call warrants on a basket of four UK water stocks, designed to allow investors to take a view on the outcome of the UK general election and its effect on the stock market.

The utility companies are considered the most politically sensitive stocks, since a Labour victory could squeeze profits as a result of a tighter regulatory environment. Salomon said trading in water company stocks has been subdued due to concern about the outcome of the election.

The call and put warrants allow investors not only to take bullish or bearish views on the stocks, but also to hedge their portfolios against a fall in the price of the stocks without selling existing holdings.

The four water stocks in the basket – Anglian, North-West, Severn Trent and Thames – were chosen because they are components of the FT-SE 100 index. Their weighting in the basket is close to their index weighting to facilitate the use of the warrants by fund managers which track the index. Only Thames Water is listed as a traded option on the London Traded Options Market.

The US-style warrants can be exercised at any time during their one-year life.

Dealers said several banks were attempting to design investment products based on the uncertainty over the election. Salomon, which recently announced its intention to expand its UK equity derivatives business, plans to launch further election-led products.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on February 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	105 1/2	106 1/2	-1/8	6.59
ALBERTA PROVINCE 9 3/8 95	600	108 1/4	108 3/4		6.79
AUSTRIA 8 1/2 00	400	105 1/8	105 1/2	+1/8	7.61
BANK OF TOKYO 8 3/8 96	100	103 3/4	104 1/4	+1/8	7.28
BELGIUM 9 5/8 98	250	109 3/4	110 1/4	+1/8	7.60
BFCE 7 3/4 97	150	102 1/2	102 3/4		7.23
BNP 8 5/8 94	300	105 3/4	106 1/4		5.96
BRITISH GAS 8 3/8 99	350	103 3/4	104 1/4	+1/8	7.67
[illegible]					
KOBE 6 3/8 01	240	98 3/4	99 1/4		6.55
NEW ZEALAND 4 7/8 99	200	90			6.72
QUEBEC HYDRO 5 08	100	78 3/4	79 1/4	-1/4	7.28
WORLD BANK 5 03	150	86 1/2	87		6.72
WORLD BANK 7 01	600	103 1/2	103 3/4	-1/8	6.48

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.86
COPENHAGEN TEL 8 5/8 96 LFr	600	98 1/4	99 1/4		9.21
WORLD BANK 8 96 LFr	1000	96 1/2	97 1/2		9.03
ENERGIE BEHEER 8 3/4 98 Fl	500	102 1/2	102 3/4		8.24
UNILEVER 9 00 Fl	500	105	105 1/2		8.14
ALBERTA PROVINCE 10 5/8 96 C$	500	105 1/4	105 3/4		8.96
BELL CANADA 10 5/8 99 C$	150	106 1/4	106 3/4	+1/8	9.37
BRITISH COLUMBIA 10 96 C$	500	103 1/2	103 3/4		8.96
[illegible]					

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 99	30000	99 1/4	99 3/4		5.24
CREDIT FONCIER 5 1/4 94	20000	99 3/4	99 7/8	+1/8	5.49
DENMARK 7 95	40000	104 1/2	104 3/4	+1/8	5.31
EIB 4 5/8 94	40000	99 1/4	99 1/2	+1/8	4.98
ELEC DE FRANCE 5 5/8 96	20000	100 3/4	101	+1/8	5.52
FINLAND 6 3/4 96	50000	103 1/8	103 3/8	+1/4	5.79
INTER AMER DEV 7 1/4 00	30000	109 1/8	109 3/8	+1/4	5.76
KANSAI ELEC PWR 4 5/8 94	60000	98 1/4	98 1/2	+1/8	5.48
NIPPON TEL & TEL 5 7/8 96	50000	101 3/4	102	+1/4	5.43
NORWAY 5 1/8 95	50000	99 1/4	99 3/4	+1/8	5.34
SNCF 6 3/4 00	30000	107	107 1/4	+1/4	5.64
SWEDEN 5 5/8 95	20000	100 5/8	101 1/8	+1/8	5.42
WORLD BANK 6 3/4 00	50000	107 1/4	107 5/8	+1/4	5.61

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem
[illegible]					
CHUBB CAPITAL 6 98	250	86	103 3/4	104 3/4	+32.87
DAI-ICHI KANGYO 3 7/8 04	300	3251.8	77	79 1/2	+12.69
EASTMAN KODAK 6 3/8 01	300	50.67	104	104 3/4	+12.72
GOLD KALGOORLIE 7 1/2 00	65	1.0554	85 1/2	86 1/2	+42.28
HANSON 9 1/2 06 £	500	2.5875	98 3/4	99 1/4	+27.75
HAWLEY 6 02 PREF	400	19.1	83 3/4	85 1/4	
HILLSDOWN 4 1/2 02 £	150	3.97	117	118	
LAND SECS 6 3/4 02 £	84	6.72	84 1/4	85 1/4	+24.25
LASMO 7 3/4 05 £	90	5.64	75 1/4	76 1/4	+94.68
MITSUI BANK 2 5/8 03	200	2387 1/2	73 3/4	75 3/4	+15.35
MOUNT ISA FIN 6 1/2 97	100	2.283	96	97	+14.29
OGDEN 6 02	85	39.077	82 1/4	83 1/4	+50.37
SMITH & NEPHEW 4 02 £	90	1.775	121 1/4	122 1/4	+48.22
SUMITOMO BANK 3 1/8 04	300	3606.9	63 1/4	64 1/4	+27.15
TEXAS INSTRUMENTS 2 3/4 02	300	82 3/4	90 1/2	91 1/2	+98.68
THORN EMI 5 3/4 04 £	103	7.45	120 1/4	121 1/4	+11.31

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, February 17, 1992. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	55.947	34.4618	44.0621
Albania	(Lek)	10.1295	5.7099	3.5171	4.497
Algeria	(Dinar)	37.2750	21.0118	12.9427	16.5482
Andorra	(Fr Fr)	9.8025	5.5256	3.4036	4.3518
	(Sp Peseta)	180.45	101.719	62.6562	80.1109
Angola	(Kwanza)	330.60	186.359	114.792	146.77
Antigua	(E Carr $)	4.7925	2.7015	1.664	2.1276
Argentina	(Peso)	1.7575	0.9906	0.6102	0.7802
Aruba	(Florin)	3.1775	1.7911	1.1032	1.4106
Australia	(Aus $)	2.3545	1.3272	0.8175	1.0452
Austria	(Schilling)	20.255	11.4177	7.0329	8.9922
[illegible]					
Faroe Is	(Danish Kroner)	11.1450	6.2824	3.8697	4.9478
Fiji Is	(Fiji $)	2.6510	1.4943	0.9204	1.1769
Finland	(Markka)	7.8625	4.432	2.73	3.4905
France	(Fr)	9.8025	5.5256	3.4036	4.3518
Fr. Cty/Africa	(CFA Fr)	490.125	276.282	170.182	217.592
Fr. Guiana	(Local Fr)	9.8025	5.5256	3.4036	4.3518
Fr. Pacific Is	(CFP Fr)	176.00	99.2108	61.1111	78.1354
Gabon	(CFA Fr)	490.125	276.282	170.182	217.592
Gambia	(Dalasi)	15.7800	8.8951	5.4791	7.0055
Germany	(D-Mark)	2.8800	1.6234	1	1.2785

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	696.3450	392.528	241.786	309.143
Gibraltar	(Gib £)	1.00	0.5636	0.3472	0.4439
Greece	(Drachma)	332.675	187.528	115.512	147.691
Greenland	(Danish Krone)	11.1450	6.2824	3.8697	4.9478
Grenada	(E Carr $)	4.7925	2.7015	1.664	2.1276
Guadaloupe	(Local Fr)	9.8025	5.5256	3.4036	4.3518
Guam	(US $)	1.7740	1	0.6159	0.7875
Guatemala	(Quetzal)	8.9985	5.0724	3.1244	3.9946
Guinea	(Fr)	1441.80	812.74	500.625	640.089
Guinea-Bissau	(Peso)	8875.00	5002.82	3081.6	3940.07
Guyana	(Guyanese $)	215.25	121.336	74.7395	95.5604
[illegible]					
Nauru Is	(Australian $)	2.3545	1.3272	0.8175	1.0452
Nepal	(Nepalese Rupee)	75.80	42.7282	26.3194	33.6514
Netherlands	(Guilder)	3.2375	1.8249	1.1241	1.4372
N'nd Antilles	(A/Guilder)	3.1775	1.7911	1.1032	1.4106
New Zealand	(NZ $)	3.2805	1.8492	1.139	1.4563
Nicaragua	(Gold Cordoba)	8.8750	5.0028	3.0815	3.94
Niger Rep	(CFA Fr)	490.125	276.282	170.182	217.592
Nigeria	(Naira)	17.9275	10.1056	6.2248	7.9589
Norway	(Nor. Krone)	11.2825	6.3599	3.9175	5.0088
Oman	(Rial Omani)	0.6872	0.3873	0.2386	0.305

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak Rupee)	42.00	23.6753	14.5833	18.6459
Panama	(Balboa)	1.7740	1	0.6159	0.7875
Papua New Guinea	(Kina)	1.6995	0.958	0.5901	0.7544
Paraguay	(Guarani)	2514.75	1417.56	873.177	1116.43
Peru	(New Sol)	1.7200	0.9695	0.5972	0.7635
Philippines	(Peso)	43.00	24.239	14.9305	19.0899
Pitcairn Is	(£ Sterling)	1.00	0.5636	0.3472	0.4439
	(NZ $)	3.2805	1.8492	1.139	1.4563
Poland	(Zloty)	20671.00	11652.2	7177.43	9176.91
Portugal	(Escudo)	247.70	139.628	86.0069	109.967
Puerto Rico	(US $)	1.7740	1	0.6159	0.7875
[illegible]					
Vietnam	(Dong)	18637.50	10505.9	6471.35	8274.14
Virgin Is-British	(US $)	1.7740	1	0.6159	0.7875
Virgin Is-US	(US $)	1.7740	1	0.6159	0.7875
Western Samoa	(Tala)	4.2875	2.4168	1.4887	1.9034
Yemen (Rep of)	(Rial)	22.9865	12.9574	7.9814	10.2048
Yemen (Rep of)	(Dinar)	0.8255	0.4653	0.2866	0.3664
Yugoslavia	(Dinar)	241.8224(1)	136.315	83.9661	107.357
Zaire Rep	(Zaire)	197566.0	111368	68599.3	87709.7
Zambia	(Kwacha)	217.88	122.818	75.6527	96.728
Zimbabwe	($)	9.0170	5.0828	3.1309	4.0031

Special Drawing Rights February 14, 1992 United Kingdom £0.783381 United States $1.39011 Germany D Mark 2.25281 Japan Yen177.656
European Currency Unit Rates February 17, 1992 United Kingdom £0.710092 United States $1.26041 Germany D Mark 2.04489 Japan Yen160.035

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate. (1) Yugoslav Dinar devalued.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5
Monday, February 17, 1992

NOTICE OF EARLY REDEMPTION
to the Noteholders of

Yasuda Trust Asia Pacific Limited
(formerly Yasuda Trust and Finance (Hong Kong) Limited)

10½% Guaranteed Notes due 1999

NOTICE IS HEREBY GIVEN that, pursuant to the terms of the Fiscal Agency Agreement dated as of 23rd March, 1989, between Yasuda Trust and Finance (Hong Kong) Limited (the "Company") of the first part, The Yasuda Trust and Banking Company, Limited (the "Guarantor") of the second part, Yasuda Bank and Trust Company (U.S.A.), as fiscal and principal paying agent and registrar of the third part, The Yasuda Trust and Banking Company, Limited, London Branch, Bankers Trust Luxembourg, S.A. and Swiss Bank Corporation as paying agents of the fourth part and Bankers Trust Luxembourg S.A. and Swiss Bank Corporation as transfer agents of the fifth part, the Company has elected to redeem the entire U.S. $120,000,000 outstanding principal amount of the Company's 10½% Guaranteed Notes due 1999 on March 23, 1992 (the "Redemption Date") at the price of 100% of the principal amount thereof plus interest accrued thereon to the Redemption Date. Payment will be made upon presentation and surrender of the Notes at the below-listed paying agents together with all appurtenant coupons, if any, maturing subsequent to the Redemption Date. The amount of any missing unmatured coupons will be deducted from the sum otherwise due for payment. Interest on the Notes will cease to accrue from and after the Redemption Date. The Company has elected to redeem the Notes pursuant to section 5(a) of the Terms and Conditions of the Notes.

On and after the Redemption Date, the sole right of the holders of the Notes shall be to receive payment at the redemption price (including payment for a missing coupon in respect of which a deduction shall have been made from the redemption price as aforesaid) together with accrued interest to the Redemption Date.

Payment will be made at any of the following paying agencies listed below:

Bankers Trust Company
1 Appold Street
Broadgate, London EC2A 2HE

Bankers Trust Luxembourg S.A.
P.O. Box 807
14 Boulevard F.D. Roosevelt
L-2450 Luxembourg

The Yasuda Trust and Banking Company, Limited
London Branch
1 Liverpool Street
London EC2M 7NH

Swiss Bank Corporation
Aeschenvorstadt 1
CH-4002 Basel

Payment pursuant to the presentation of the Notes for redemption made by transfer to a United States dollar account maintained by the payee with a bank in the United States, may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds (including premium, if applicable) if a payee fails to provide a paying agent with an executed IRS Form W-8 in the case of a non-U.S. person or an executed IRS Form W-9 in the case of a U.S. person. Those holders who are required to provide their accurate Taxpayer Identification Number and who fail to do so may also be subject to an IRS penalty of U.S. $50. Accordingly, please provide all appropriate certification when presenting the Notes for payment.

YASUDA TRUST ASIA PACIFIC LIMITED
By: YASUDA BANK AND TRUST COMPANY (U.S.A.)
as Fiscal and Principal Paying Agent

Dated: February 18, 1992

FLASH LIMITED SERIES F
U.S. $30,000,000
Secured Floating Rate Notes Due 1993

In accordance with the conditions of the notes, notice is hereby given that for the three-month period 18th February 1992 to 18th May 1992 (90 days) the notes will carry an interest rate of 4.3375% p.a. Relevant interest payments will be as follows:
Notes of U.S. $100,000
U.S. $1,084.37 per coupon.
THE SANWA BANK LIMITED
Agent Bank

Shawmut Corporation
U.S.$50,000,000
Floating Rate Subordinated Notes Due 1997

Notice is hereby given that the Rate of Interest has been fixed at 5% and that the interest payable on the relevant Interest Payment Date May 18, 1992 against Coupon No. 29 in respect of US$10,000 nominal of the Notes will be US$125.00.

February 18, 1992 London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

MINICAS
U.S.$100,000,000
Secured Floating Rate Notes due 2004

Interest Rate 4.6875% p.a. Interest Period February 18, 1992 to August 18, 1992. Interest Payable per US$500,000 Note US$11,848.96.

February 18, 1992, London
By Citibank, N.A., (CSSI Dept.), Agent Bank

Notice of Early Redemption

OKOBANK
Osuuspankkien Keskuspankki Oy
(Incorporated with limited liability in Finland)

Japanese Yen 4,000,000,000
5.7 per cent. Variable Redemption Amount Notes due 1993

NOTICE IS HEREBY GIVEN that in accordance with Condition 5(c)(i) of the Notes the Issuer has elected to redeem all of the Notes on 30th March, 1992 (the "Redemption Date") at their Redemption Amount.

The Redemption Amount will be calculated, in accordance with Condition 5(d) of the Notes and then made available to Noteholders at the specified offices of the Paying Agents.

Payment of the Redemption Amount will be made, on and after the Redemption Date, against presentation and surrender of the Notes, together with all unmatured Coupons, at the specified offices of any of the Paying Agents. On the Redemption Date all unmatured Coupons relating to such Notes (whether or not attached thereto) shall become void and no payment shall be made in relation thereto.

Payment of Coupon Number 3 will be made in the normal manner against its presentation and surrender on and after 30th March, 1992.

Bankers Trust Company, London — Agent Bank
18th February, 1992

Sun Alliance issue raises £150m

SUN ALLIANCE, the UK composite insurance company, yesterday made its debut in the international bond market, raising £150m funding with an issue lead managed by Warburg Securities, writes Simon London.

The five-year bonds carry a 10⅝ per cent coupon and were priced to yield 100 basis points more than comparable UK government securities – seen as generous by participants.

UK investment managers certainly saw the deal as fair value and bought the deal with enthusiasm. The bonds traded up from a fixed re-offer price of 99.70 to stand at par bid by the close. At this level the yield spread was 95 basis points over gilts.

The issue was made through Sun Alliance's holding company, which is quoted on the London Stock Exchange. The proceeds can be either injected as equity into the insurance subsidiaries or passed on as inter-company debt.

In common with many other UK insurers, Sun Alliance has faced heavy losses from mortgage indemnity insurance. Analysts are expecting a pre-tax loss of close to £450m when full-year results for 1991 are announced in early April.

Sun Alliance's solvency ratio, the ratio of capital to premium income used by analysts and regulators as a measure of financial strength, is likely to have fallen to around 67 per cent from 81 per cent in 1990.

This is comfortably above the level required by UK law and better than the other four quoted composite insurers. However, Mr Peter Fiddimore, group treasurer, said the group wanted to maintain the option of passing the proceeds down to operating subsidiaries in the form of equity.

In the near-term, the proceeds of the issue will reduce reliance on the company's £400m commercial paper programmes. The bonds issued yesterday were rated A1/A by Moody's and Standard & Poor's, the US credit rating agencies.

Clearing banks delay plans to join Taurus

By Richard Waters

THE UK's big clearing banks have dropped plans to be among the first into the planned paperless settlement system, Taurus, despite having earlier been among those most eager to join.

The banks' change of heart indicates the difficulties the the UK authorities will have in bringing leading British companies into the system, which is due to be launched in April 1993.

The banks – particularly Barclays, National Westminster and Lloyds, which between them control around 90 per cent of the share registration business in the UK – had earlier been intent on being the first into Taurus. Some believed that being in the first wave would have helped prove to their share registration customers they were prepared for the transition.

Yet none of these three, nor Midland Bank, is preparing to ask its shareholders for approval to join Taurus at their forthcoming annual meetings, ruling them out from the launch. The problems they have encountered are common to many other UK companies.

Barclays and NatWest believe it will be difficult to obtain shareholder approval under the Taurus regulations as they currently stand. Like many British companies, they have more than one class of share in issue. Under their articles of association, this leaves both banks needing one-third of their shareholders to vote in a special "class meeting" of shareholders.

Yet neither feels confident of getting the support, given the inertia of their institutional shareholders, many of whom do not vote even by proxy at general meetings. Some investment managers would also need to get the support of the beneficial owners of shares they manage.

According to an internal memorandum produced at Barclays: "This will be both time-consuming and expensive for all concerned, with no guarantee that the necessary quorum will be achieved in time for the meeting."

One possible answer, according to Barclays, is to seek a capital reorganisation to do away its second class of shares (staff shares). The bank concludes this is expensive and troublesome, and adds: "For many public companies, such a course of action would not even be within contemplation."

The London Stock Exchange said around two-thirds of the UK's top 600 companies had more than one class of share in issue and so would need to call separate class meetings in this way. However, it said this did not need to cause difficulties, since class meetings could be convened with little difficulty.

The exchange also played down another concern of the banks – that full Taurus regulations would not be available until May, when the exchange plans to publish its own draft Taurus rule book. The exchange said companies did not need to wait for the publication of these details before putting a proposal to their shareholders that they should move on to Taurus.

European Investment Bank set to launch $500m deal

By Simon London

THE EUROPEAN Investment Bank was yesterday preparing to launch a $500m seven-year issue in the international bond market, with five underwriting firms bidding for the new issue mandate.

Some syndicate officials anticipated that the deal would be launched at a yield spread as low as 5 basis points more than US Treasury bonds.

Others argued that the uncertain tone of the Eurodollar sector last week demanded a more generous spread – at least 10 basis points.

One area of uncertainty is the demand from Italian investors, usually heavy buyers of EIB paper, which is exempt from withholding tax.

The last EIB Eurodollar deal, a $400m 10-year issue launched via IBJ International in January, did not attract the frenzied buying by Italian investors which is often associated with tax-exempt issues.

However, from a spread of just 6 basis points this earlier transaction has since held its ground and EIB is likely to launch another very tightly-priced issue today.

Elsewhere, activity was restricted to retail-targeted deals. Shell Australia added to recent supply of medium-dated Australian dollar paper, launching a A$100m five-year deal lead managed by Deutsche Bank Capital Markets.

The 10⅛ per cent bonds traded down to less 1.95 bid by the close, just inside full fees of 2 per cent.

Prudential Funding added C$100m to its C$150m three-year deal launched last November.

The new tranche of 8¼ per cent bonds, lead managed by UBS Phillips & Drew, was priced to yield 32 basis points more than Canadian government bonds, which is a pick up of 17 basis points over the outstanding bonds.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Alisa No. 1(b)‡†	340	(b)	100	1997	1/⅞	Nomura Int.
Bco.Frances e Brasileiro(d)†	100	11	100	1994	1½/1	Credit Lyonnais
STERLING						
Sun Alliance(a)†	150	10⅝	99.70	1997	⅜/⅛	Warburg Secs.
CANADIAN DOLLARS						
Prudential Fding.Corp(c)†	100	8¼	100.55	1995	1⅝/1.525	UBS Phillips & Drew
AUSTRALIAN DOLLARS						
Shell Australia(a)†	100	10⅛	101¾	1997	2/1½	Deutsche Bk Cap.Mkts.
FRENCH FRANCS						
Aerospatiale(a)†	1bn	9⅜	100⅞	1994	1⅛/⅞	Credit Lyonnais
LIRE						
Compagnie Bancaire(a)†	150bn	11.60	101.70	1997	1⅞/1¼	Banco di Roma
YEN						
Okamura Int.Finance(a)†	10bn	6	101.325	1997	1⅞/1.7	Nomura Int.
SWISS FRANCS						
EIB(e)†	200	6½	102½	1998	-	UBS

**Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon pays 1.1% over 6-month Libor. Non-callable. c) Fungible with existing C$150m deal launched November 1991. Non-callable. d) Amount increased from $90m. Coupon payable semi-annually. Non-callable. e) Fungible with existing SFr600m deal. Non-callable.

Rebuilding finance on shaky foundations

Simon London examines UK building societies' efforts to refund their debt

THE POOR state of the UK housing market is dragging on into a sensitive period for UK building societies, raising doubts about profitability and credit quality as they look to refinance a substantial part of their £20bn capital market borrowings.

In total, UK building societies have £2.6bn bonds and syndicated loans maturing this year, rising to £4.5bn in 1993 and £3.4bn in 1994.

One thing is certain: banks and bond market investors are demanding much higher returns than in the late 1980s, when building societies were first allowed to tap the capital markets.

In 1987, for example, Halifax, the largest building society, signed a five-year £300m multi-currency facility which gave it access to sterling funding at just 0.05 per cent (5 basis points) over the London inter-bank offered rate (Libor).

The facility runs out in July, and Halifax would have to pay at least 30 basis points over Libor to replace it with a similar loan.

During the late 1980s, building societies faced a declining inflow of savings from retail depositors and increasing demand for housing finance. To meet this shortfall they expanded capital markets borrowings, to more than 20 per cent of total funding in many cases.

While demand for new mortgages has fallen sharply, there is little prospect of replacing capital markets debts with retail deposits. Despite the severity of the recession, building societies saw a net *outflow* of funds in November and December.

Bankers are taking a cautious approach. At the end of last year, Chelsea Building Society had to improve the terms of a planned £125m loan to attract wary banks into the deal.

With this in mind, the bigger building societies are looking to tap other sources of funding, such as the bond and medium-term note markets, where better terms are available. The bigger societies now have access to a greater variety of wholesale markets, and so have less need for "stand-by" banking facilities. Last June, for example, Halifax Building Society set up a £3bn medium-term note programme.

"Since our loans were arranged in the late 1980s our wholesale funding base has matured and the need for syndicated credits is less apparent," said Mr Mike Ellis, treasurer of the Halifax. "We can now afford to be more selective in our use of markets."

But even in the bond markets there is upward pressure on margins. New types of instrument will have to be used if funding costs are to be held down.

Around 40 to 50 per cent of sterling floating-rate note issues, the favoured form of bond market borrowing for building societies in the late 1980s, are held by banks. These are usually the same banks which lent money to building societies through syndicated credits, bought mortgage-backed bonds and sometimes lent money directly to UK consumers for house purchases.

As the property market has slumped, these banks have exercised a sharp pull-back from new housing-related exposures. There are fewer willing buyers of building society bonds.

Hence increased borrowing costs do not only reflect a decline in the perceived credit quality of building societies. "The level of funding that the building societies are seeking is more than the banks are willing to give," said Ms Zoe Shaw, director at Westdeutsche Landesbank, the German bank which is an active lender to the building society sector.

While the bigger societies still remain – measured against most other financial institutions – strong and tightly regulated, there is little doubt the credit quality of building societies looks under pressure.

There have already been some forced takeovers. At the end of last year, Town & Country, the 15th largest institution, was rescued by the Woolwich. There is intense speculation that other building societies will have to be bailed out.

Although the rate of residential mortgage defaults looks to be slowing, up to 80,000 homes will be repossessed this year.

The rate of repossessions means building societies could be left managing large, vacant residential property portfolios. Partly to avoid this, and partly to satisfy political pressure, building societies have pledged to provide £1bn this year to alleviate the crisis.

Most of the money will be made available in the form of cheap loans to housing associations, which will in turn buy properties in danger of repossession and then rent them.

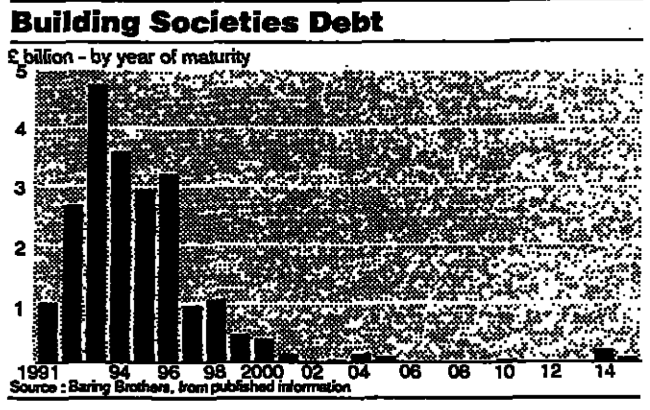
If the housing associations are to charge affordable rents, the loans have to be made at very low interest rates, as low as 3.5 per cent in London, where property prices are highest.

Yet the cost of funds to building societies, whether from the capital markets or from depositors, is 10 per cent or more. Hence funding mortgage rescue loans will eat into building societies profits for some years to come.

The societies hope to recoup losses by taking an equity interest in the properties. If homes become vacant after five years, assuming property prices have gone up, the housing association will have to sell on the open market. The building society will take 80 per cent of any capital gain.

Hence the net cost to the building societies will depend on when properties become vacant, whether property prices have risen and the cost of funding cheap loans to housing associations in the intervening period.

Building Societies Debt



Source: Baring Brothers, from published information

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Feb 17 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Fri Feb 14 Index No.	Thu Feb 13 Index No.	Wed Feb 12 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (178)	783.00	+0.9	8.66	6.12	14.75	0.61	775.70	775.40	777.04	804.21
2 Building Materials (23)	962.16	+1.0	7.27	6.45	18.51	0.44	952.26	945.80	944.30	1109.29
3 Contracting, Construction (28)	889.23	+0.4	8.96	8.24	16.10	0.00	885.59	880.74	877.94	1238.43
4 Electricals (7)	2436.66	+0.4	10.14	6.16	12.41	1.47	2426.18	2440.59	2445.12	2206.69
5 Electronics (26)	1766.50	+0.4	10.39	4.85	12.19	1.26	1759.81	1771.77	1764.71	1746.17
6 Engineering-Aerospace (8)	313.88	+0.1	17.01	8.28	7.15	0.77	313.50	314.40	316.62	410.70
7 Engineering-General (43)	485.12	+0.6	9.71	5.09	12.71	1.21	482.04	482.39	482.10	399.15
8 Metals and Metal Forming (10)	330.61	+1.8	2.11	10.51	-	0.00	324.70	328.07	328.99	445.73
9 Motors (14)	305.63	+0.4	8.31	7.74	15.99	0.00	304.27	302.98	303.27	322.36
10 Other Industrial Materials (19)	1590.66	+1.6	7.56	5.15	15.73	0.69	1566.38	1564.34	1578.09	1416.79
21 CONSUMER GROUP (188)	1670.87	+1.3	6.91	3.30	17.81	2.27	1650.21	1651.50	1648.98	1325.12
22 Brewers and Distillers (23)	2081.51	+0.9	7.73	3.41	15.59	7.92	2063.91	2060.09	2059.31	1667.82
25 Food Manufacturing (18)	1262.95	+0.7	8.55	4.02	14.43	2.11	1253.59	1255.57	1256.53	1123.34
26 Food Retailing (17)	2519.56	-0.7	8.76	3.29	14.83	0.39	2536.88	2533.04	2539.23	2465.13
27 Health and Household (24)	4521.58	+2.2	5.02	2.16	22.83	0.88	4426.21	4440.04	4416.88	2846.07
29 Hotels and Leisure (23)	1297.53	+1.2	7.23	5.18	17.22	1.02	1281.67	1283.90	1283.18	1265.19
30 Media (24)	1514.85	+0.7	6.45	3.61	19.50	1.22	1504.68	1495.25	1488.65	1304.08
31 Packaging, Paper & Printing (17)	735.87	+0.9	7.19	4.51	16.86	0.22	729.23	744.73	753.74	595.04
34 Stores (32)	1059.26	+2.2	6.97	3.41	19.01	1.89	1036.33	1035.49	1032.38	844.49
35 Textiles (10)	620.45	+0.3	7.40	4.99	17.24	0.53	618.33	619.79	623.65	461.93
40 OTHER GROUPS (116)	1220.04	+1.0	9.89	5.43	12.76	6.34	1208.44	1210.91	1210.88	1110.96
41 Business Services (16)	1391.57	+1.1	7.21	4.71	17.64	0.07	1376.91	1370.18	1366.51	1005.25
42 Chemicals (21)	1491.45	+1.0	6.73	4.91	18.38	0.44	1477.35	1486.75	1493.58	1202.52
43 Conglomerates (11)	1278.56	+1.7	11.33	7.91	10.75	3.11	1257.16	1249.23	1260.22	1437.64
44 Transport (14)	2394.98	+1.5	5.30	4.72	24.92	2.46	2360.73	2383.71	2390.58	2010.20
45 Electricity (16)	1202.91	+1.0	15.08	6.18	8.63	17.21	1190.52	1193.02	1203.25	1151.21
46 Telephone Networks(4)	1407.12	+0.7	11.15	4.46	11.71	15.96	1397.79	1409.95	1396.79	1232.32
47 Water(10)	2464.25	+1.7	17.31	6.45	6.36	0.00	2423.06	2411.01	2404.52	2470.73
48 Miscellaneous (24)	1827.90	....	5.61	5.34	24.36	0.95	1827.59	1812.46	1807.69	1783.19
49 INDUSTRIAL GROUP (482)	1303.18	+1.1	8.13	4.44	15.38	3.17	1288.90	1290.14	1289.59	1133.86
51 Oil & Gas (18)	2061.60	+0.1	9.27	6.81	14.24	8.11	2060.26	2093.70	2115.87	2249.49
59 500 SHARE INDEX (500)	1374.10	+1.0	8.25	4.69	15.25	3.56	1360.53	1364.05	1365.08	1228.01
61 FINANCIAL GROUP (87)	712.47	+0.6	-	6.51	-	0.71	708.43	713.48	711.14	779.20
62 Banks (9)	864.34	+0.4	4.44	6.15	45.82	1.59	860.88	869.83	866.32	835.06
65 Insurance (Life) (6)	1400.11	+0.6	-	6.10	-	0.00	1392.14	1402.29	1391.36	1396.34
66 Insurance (Composite) (7)	480.07	+1.0	-	9.08	-	0.00	475.17	477.16	474.31	689.89
67 Insurance (Brokers) (10)	982.77	+1.8	7.87	6.80	16.72	1.80	965.84	963.94	968.47	1085.30
68 Merchant Banks (7)	476.51	....	-	4.50	-	0.00	476.28	478.01	474.43	391.38
69 Property (33)	762.83	+0.4	7.54	5.95	18.15	0.44	759.97	763.57	765.66	1025.40
70 Other Financial (14)	245.22	+0.7	8.11	7.07	16.29	0.00	243.58	244.66	245.16	265.32
71 Investment Trusts (68)	1180.05	+0.5	-	3.70	-	2.02	1173.67	1185.13	1183.69	1110.91
99 ALL-SHARE INDEX (654)	1216.84	+0.9	-	4.88	-	2.90	1205.56	1209.53	1209.82	1117.59

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Year ago
FT-SE 100 SHARE INDEX♦	2541.0	+27.1	2541.0	2512.6	2513.9	2522.6	2523.7	2537.1	2538.4	2318.3

FIXED INTEREST

PRICE INDICES	Mon Feb 17	Day's change %	Fri Feb 14	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (26)	122.25	+0.05	122.20	1.85	1.65
2 5-15 years (26)	137.13	+0.18	136.88	2.08	2.17
3 Over 15 years (8)	147.95	+0.29	148.03	2.35	0.88
4 Irredeemables (6)	164.81	+0.57	163.87	3.17	0.00
5 All stocks (66)	134.94	+0.15	134.78	2.06	1.88
Index-Linked					
6 Up to 5 years (2)	169.18	+0.12	168.98	0.03	1.37
7 Over 5 years (9)	149.52	+0.09	149.65	0.49	0.90
8 All stocks (11)	151.10	+0.09	151.18	0.42	0.95
9 Debs & Loans (62)	119.36	+0.05	119.30	3.32	0.46

AVERAGE GROSS REDEMPTION YIELDS		Mon Feb 17	Fri Feb 14	Year ago (approx.)
British Government				
1 Low	5 years	8.64	8.64	9.30
2 Coupons	15 years	9.15	9.19	9.48
3 (0%-7¾%)	20 years	9.15	9.19	9.61
4 Medium	5 years	9.42	9.43	10.08
5 Coupons	15 years	9.23	9.26	9.86
6 (8%-10¾%)	20 years	9.19	9.22	9.78
7 High	5 years	9.65	9.67	10.23
8 Coupons	15 years	9.32	9.36	10.01
9 (11%-)	20 years	9.25	9.29	9.90
10 Irredeemables	†	9.33	9.39	9.88
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.64	3.66	3.69
12 Inflation rate 5%	Over 5 yrs.	4.27	4.27	4.09
13 Inflation rate 10%	Up to 5 yrs.	2.93	2.95	2.20
14 Inflation rate 10%	Over 5 yrs.	4.07	4.08	3.90
15 Debs &	5 years	10.88	10.83	12.09
16 Loans	15 years	10.64	10.63	11.75
17	25 years	10.47	10.47	11.47

♦Opening index 2513.3; 9 am 2521.5; 10 am 2524.6; 11 am 2530.6; Noon 2531.5; 1 pm 2531.6; 2 pm 2531.5; 2.30 pm 2531.3; 3 pm 2531.6; 4.10 pm 2540.1; (a) 4.29pm (b) 8.32am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	63	2	16
Other Fixed Interest	3	5	9
Commercial, Industrial	323	218	937
Financial & Property	159	94	539
Oil & Gas	10	32	49
Plantations	1	0	8
Mines	26	50	74
Others	33	55	36
Totals	618	456	1,668

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

LONDON TRADED OPTIONS

[illegible]

TRADITIONAL OPTION 3-month call rates

[illegible]

TRADITIONAL OPTIONS

- First Dealings Feb. 17
- Last Dealings Feb. 28
- Last Declarations May 28
- For settlement June 8

3-month call rate indications are shown on this page.

Calls in Courtyard Leis., Midland Bank, Oliver Res., Owners Abroad, Pelon, Rosehaugh, Scottish Heritable, Securiguard and Smith & Nephew. Puts in Ratners Pref. and Storehouse. Put and call in Amstrad.

UK COMPANY NEWS

A pragmatist wary of greener grass

John Thornhill talks to Liam Strong, the new chief executive of the Sears retail group

THE UK retailing scene has just been presented with an intriguing prospect.

Mr Liam Strong, the energetic 46-year-old former marketing director of British Airways, yesterday took over as chief executive at Sears, the notoriously sleepy retailing group which includes Selfridges, Adams, Olympus, Wallis, Freemans and the British Shoe Corporation.

As the City sees it, the highly ambitious Mr Strong is a man in a hurry – in a business that cannot be rushed.

While at BA he developed a reputation as something of a whizz-kid, his most famous coup being the launch of the World's Biggest Offer, a marketing campaign which attempted to stimulate air travel after the Gulf war.

Colleagues at BA speak of a man who was fully confident in his own abilities, unforgiving of others' faults, and impatient to implement change.

But, in an interview with the Financial Times, Mr Strong appeared decidedly restrained in his ambitions for Sears.

Wisely perhaps, he offered no sweeping new visions for the future of the company; nor did he suggest any radical remedial measures.

"Our over-riding objective simply has to be to get a better return on our assets. Until we have done that there is little point in trying to do anything else."

In two sentences he summed up the City's disquiet with Sears and signalled his determination to tackle it. Analysts have persistently criticised the poor returns it has been able to generate on an asset base of more than £1bn and annual sales exceeding £2bn.

From peak pre-tax profits of £273m in 1988-89 Sears fell to £147m last year as the recession and exceptional charges associated with a continuing restructuring programme took their toll.

A further fall is expected this year; the dividend is likely to be uncovered – and recovery looks set to be long and slow.

Yet Mr Strong was tempted because of what he saw as clear recovery potential.

"When I looked at Sears I saw a big company with good asset backing, a wide portfolio of businesses, some problem areas such as footwear and menswear, and some pluses like childrenswear. And all at the bottom of the business cycle."

Since November, Mr Strong has toured the company "picking up stones to see what lies beneath", in the words of the chairman, Mr Geoffrey Maitland Smith.

Now he is responsible for finding solutions. Somewhat surprisingly, given his background, he is far more an advocate of creeping incremental change than of the grand gesture.

"The real benefits to be had in the marketplace are from getting the commercial and operational sides of the business working well together," he says. "There is a tendency in most service businesses – whether in a plane or in a shop – for the operational side to dominate."

He is wary of being drawn on specifics, but says he sees his role as introducing a culture of constant challenge, redefining standards, and applying them consistently across the business.

He suggests the emphasis must be placed on the more effective use of supply chain management and information technology systems, and improved levels of customer service.

He intends to launch a mangement audit to assess the company's managerial talent and ensure that it is sensibly deployed.

Lydia van der Meer

Liam Strong: for incremental change, not grand gestures

"One of the things that strikes you is that some things are done very well in certain parts of the group, but they are not applied consistently."

Mr Strong sought inspiration from other retailers in Europe and North America before taking up his post.

He concluded that retailing is a dangerous business that has to be carefully played.

He exhibits a strong streak of pragmatism and adopts a wary view of expansion either by means of launching new brands or by overseas acquisition.

"The failure rate of developing new brands in retailing is high. Buying up exciting formats must be a better way to go than trying to develop something entirely new yourself," he says.

And he has a similar attitude towards expansion in mainland Europe. "We will be approaching it more cautiously than anything else we do on the principle that if it is easy someone else will have already done it."

Overseas turnover last year was about 9 per cent of the total and will probably be similar this year reflecting growing Euro-business.

Sears is carefully testing its Adams childrenswear franchise in the Netherlands, its Olympus sportswear outlets in Spain, and its Wallis fashion concessions in Germany.

It has formed a joint venture with Groupe André, the French retailer, to develop business in northern Europe.

On the home shopping front, Sears has just bought a Dutch mail order group to combine with its existing Freemans business.

But Mr Strong is aware of the potential pitfalls. "The grass always looks greener on the other side of the fence but that's because you know less about it. When you move there you will fail precisely because you know less about it," he says, permitting himself a rare smile.

One area that he accepts may prove more amenable to rapid change is the Selfridges department store. The business, which has a book value of £180m, has not produced the returns expected of it. The branding of Selfridges could certainly be pursued more aggressively, he suggests.

But in spite of his innate caution, the timing of Mr Strong's move to Sears has been shrewdly calculated.

He can expect to benefit greatly from the restructuring already undertaken by his predecessor, Mr Michael Pickard, a tall and seemingly ponderous man given to wearing tie-pins with his initials JMP stamped upon them.

Mr Pickard wrought a quiet revolution at Sears, helping to shift it from a rambling conglomerate to a more tightly-focused speciality retailer.

He also introduced more rigorous financial disciplines and reorganised the British Shoe Corporation, which embraces Dolcis, Saxone and Freeman Hardy Willis. His initiatives at last seem to be beginning to bear fruit.

Mr Strong is astutely sending a subdued message to his intended target audience in the City.

"What he says is what we want to hear," says Mr Rodney Forrest, retailing analyst at stockbrokers Credit Lyonnais Laing. "But it is also clearly a reality. He will not suddenly wave a magic wand and it will all come right. But there will be a progressive turnaround and improvement."

Mr Strong now has it all to prove. And as he is the first to admit: "It is in general more difficult in life to decide how to get things done than to decide what to do."

NEWS DIGEST

Revamped Wills back in the black

THE HEAVILY reconstructed Wills Group, where CT Group, a distributor of high specification engineering equipment, is the core business, returned to the black in the six months to December 31.

Taxable profits emerged at £154,000, struck on turnover of £7.27m, but because of the overhaul of the company's direction and financial position, last time's figures which showed losses of £568,000 on turnover of £8.37m are not strictly comparable.

Since summer 1991, Wills has:

- been released from bank guarantees relating to the Hawkes trade finance businesses in Australasia and sold the group to its local managers;
- raised £1.7m net from a rights issue and issued up to 11.2m warrants to subscribe for one new share at 5p between January 1 1992 and February 1 1994;
- repaid loans with £1.5m of the rights proceeds to its bankers, who then capitalised the balance of their loans – £4.56m – into 2.4m new preference shares;
- changed its year-end from December 31 to June 30.

Consequently, Mr David Massie, chairman, said that the current results contained only two months where Wills operated free of the constraints of the last few years.

Basic earnings came to 0.51p (losses 3.31p) per share. A return to the dividend list will be considered in the light of the full year results.

Reece issues profits warning

Reece, the machine tools, brick making and nursing homes group, yesterday issued a profits warning following recent weakness in its share price.

Directors anticipate a pre-tax loss in the second half but expect the group to show a profit for the full year.

Indications were that the figure would be similar to the £415,000 pre-tax returned for the 15 months to December 31 1990.

Gartmore Emerging shows improvement

At December 31 1991 net asset value of Gartmore Emerging Pacific Investment Trust had improved to 51.1p per share from 44.9p a year earlier, though it slipped from 58.9p at the halfway stage.

Gross revenue for the year to December 31 increased to £1.12m (£851,000) and pre-tax profit more than doubled from £187,000 to £423,000. Net revenue came out at £306,000 (£121,000).

A dividend of 0.13p (0.1p) is proposed. This, together with a special payment of 0.1p, makes a total of 0.23p for the year.

FII declines 13% to £3.2m

FII Group, the UK's second largest shoe manufacturer, suffered a 13 per cent setback in profits to £3.2m pre-tax for the six months to November 30.

An exceptional provision for redundancies, reorganisation and associated costs accounted for £200,000 of the shortfall.

Turnover of £40.2m (£39.7m) included exports of £6m (£5.5m). The interim dividend is lifted from 5p to 5.5p.

Directors said liquidity remained strong with cash balances of nearly £10m.

Second Alliance net asset value at £13.62

Net asset value of The Second Alliance Trust stood at £13.62p per stock unit at January 31 1992.

The figure was virtually unchanged over the six months to that date, but represented an improvement of 25 per cent on the net asset value at the interim stage of 1991.

Attributable revenue also showed little change at £3.42m for earnings of 17.83p (17.82p) per stock unit. The interim dividend is lifted by 0.5p to 12p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price by Trading on 18.02.92: Pool purchase price £/MWh	Final Prices for Trading on 21.01.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.08	17.18	17.18
0100	17.10	17.18	17.16
0130	17.10	17.73	20.18
0200	17.10	17.73	20.16
0230	17.08	17.20	17.20
0300	17.07	17.18	17.18
0330	17.08	17.17	17.17
0400	17.05	17.16	17.16
0430	17.04	17.16	17.16
0500	17.04	17.16	17.16
0530	17.05	17.14	17.14
0600	17.06	17.15	17.15
0630	17.06	17.17	17.17
0700	17.38	17.20	17.20
0730	19.53	19.16	21.63
0800	19.53	19.35	21.65
0830	18.33	20.31	22.84
0900	19.12	20.36	22.90
0930	22.88	21.48	24.08
1000	22.92	21.48	24.06
1030	22.89	20.35	22.88
1100	22.87	19.79	22.30
1130	20.35	19.57	22.07
1200	22.88	20.34	22.87
1230	22.86	20.33	22.85
1300	22.82	20.29	22.80
1330	19.08	19.50	21.97
1400	18.19	19.21	21.67
1430	17.97	17.52	17.52
1500	17.41	17.45	17.46
1530	18.16	17.59	17.59
1600	18.19	17.70	17.70
1630	18.21	23.90	26.90
1700	19.27	43.35	50.72
1730	22.31	48.90	56.59
1800	28.42	48.98	54.28
1830	28.63	32.54	38.84
1900	25.84	22.31	25.18
1930	22.08	20.53	23.09
2000	19.07	19.49	21.96
2030	18.17	19.46	21.92
2100	18.12	19.46	21.92
2130	17.40	19.45	21.91
2200	17.10	18.93	21.38
2230	17.05	17.20	17.20
2300	17.04	17.16	17.16
2330	17.04	17.15	17.15
2400	17.03	17.12	17.12

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Petrocon chief denies pursuit by Maxwell administrators

By Richard Gourlay

PETROCON, the group making a hostile all paper bid for James Wilkes, the troubled Midlands engineering company, yesterday reacted angrily to the suggestion in a Sunday newspaper that it was being pursued in court by administrators to a company owned by the late Robert Maxwell.

Petrocon's share price fell 11 per cent to 40p following the Independent on Sunday's story, reducing the value of Petrocon's all share bid by 10 per cent to £31.8m.

Solicitors for Mr Colin Robinson, the Petrocon chairman, said he was considering legal action against the Independent on Sunday. The litigation against Mr Robinson and others had been started by Mr Maxwell in March 1990 and taken over by the administrators, Arthur Andersen, when Hollis industries went into administration in December last year.

Suggestions that administrators to Mr Maxwell had launched the litigation were potentially defamatory.

The case revolves around the sale in 1988 of a license held by Locktronics, a subsidiary of Hollis Industries which Mr Robinson and others controlled, to Beverley, a company Mr Robinson also controlled.

Hollis Industries was acquired by Mr Maxwell who subsequently argued that the company should have accepted a higher alternative offer for Locktronics.

Mr Robinson said the 1988 sale had been included in the board minutes but he had made a technical violation of the companies act by not having a resolution approving the sale approved by shareholders.

The row over Mr Maxwell's two year old case against Mr Robinson overshadowed the posting of Petrocon's offer document to Wilkes shareholders.

Petrocon argues in the document that it has the management team to sort out Wilkes financial problems without having to resort to fire sales to deal with its high level of debt.

Mr Robinson also believes it could reduce head office expenses by £1.5m a year.

Lep reduces debt with £15m sale to managers

By Angus Foster

IN A bid to cut borrowings, Lep Group, the security and freight forwarding concern, has sold a specialist delivery services subsidiary to its managers for £15m.

The buy-out of Swift Transport Services, a delivery company for the automotive and engineering industries, is being supported by institutions led by Prudential Venture Managers. The consideration is made up of £8m cash and the repayment of £7m of inter-company debt.

Swift's external borrowings of about £4m are also being taken over. The sale will reduce Lep's net indebtedness by £22m to about £450m.

Shares in Lep, which have collapsed from about 80p in September following a profits warning and debt refinancing worries, fell by 1p to 10½p yesterday. Shares in ADT, the security and car auction group which bought a 27 per cent stake in Lep at an average 175p, dropped 3p to 405p.

Lep is still considering the disposal of National Guardian Corporation, its US securities business, and remains in discussions with its bankers about refinancing plans. The company is due to announce full-year results for 1991 in April and has already warned of "very substantial" write-offs and provisions.

Swift reported profits before tax of £2.99m in 1990 with net assets of £12.9m. Trading since then been has affected by the recession, Lep said.

Creaming it in a homogenised market

European union discounted as knell to houses, reports Robert Peston

LIKE THE House of Lords, the City of London's discount houses have, with monotonous regularity over the past decade, been decried as archaic institutions, doomed to extinction.

Yet these peculiarly British securities houses, which act as intermediaries between banks and the Bank of England, have survived all the gloomy prognostications. Participants in the discount market were therefore cautioning yesterday that the losses made by Union Discount in 1991 should not be seen as symptomatic of a widespread malaise.

Though Union is one of the three biggest houses – together with Gerrard & National and Cater Allen – its problems are not typical of the industry, because the bulk of its losses were made by a leasing subsidiary, Sabre Leasing, which is quite distinct from its money market operations.

However, Union's discount house subsidiary – one of the oldest and biggest of the houses – also made a loss, of £2.91m.

It blamed "unusual trading conditions in the discount market".

Discount houses traditionally make profits when interest rates are falling, as they have been in the past year. "If we cannot make profits in those conditions, then our days may be numbered," says a director of one of Union's rivals.

A simplified example of how discount houses operate should help to explain his concern. The British banks place a certain amount of their surplus cash on deposit with the discount houses. The discount houses will typically pay about ⅛ per cent more than the bank base rate for this money, which is repayable on demand.

They then invest this "call" money in bills – securities maturing in one month or three months – which are likely to yield less than the base rate. On the face of it, therefore, the discount houses lose money on these transactions.

However, if the base rate falls, then the discount houses will pay less for the money on call from the banks, but will earn an unchanged rate on the bills until they mature. "We are creaming it for 90 days," says a discount house director.

That has been the theory. The recent practice has been different however. "Interest rates have often not fallen as quickly as we expected," says the discount house director. "So we have had to continue to pay an expensive rate for money for rather longer."

However, Union's discount house losses appear to be the exception, not the rule. Other discount houses said yesterday that they had been profitable in the past year, if not as profitable as they might have been in previous periods of declining rates.

Graeme Gilchrist, chief executive of Union Discount, leaving after the group's first discounting loss in 29 years

They added that in the past few months it has become easier once again to make profits. But most have reduced their exposure to swings in interest rates in either direction by using the futures and forward markets.

Nonetheless the prospect of economic and monetary union may pose a longer-term threat to the seven pure discount houses and two "hybrids", or discount houses which have been merged into gilt-edged market-makers, the dealers in government bonds.

Discount houses are part of a system for controlling interest rates which is unique in Europe. Central banks on the continent tend to deal directly with banks. But the Bank of England does not.

It has an exclusive relationship with the discount houses, which it uses as intermediaries when influencing the level of the base lending rate and when lending to the money market to prevent liquidity shortages and extreme volatility in interest rates.

This system has been in existence in roughly its current form since before the Second World War, though the houses date from the 19th century. The Bank of England believes it is an efficient system, which it is keen to preserve.

If any individual house ran into serious difficulties – and there was no suggestion yesterday that Union's plight is parlous – the Bank might allow the house to disappear. But it would make sure that any winding-up did not damage lenders to that discount house or the financial system.

Discount houses accept that European monetary union may lead to the end of their privileges. The continental system of dealing direct with banks might be employed by a new pan-European central bank.

But though that would involve the extinction of discount houses – as defined by their relationship with the Bank – the firms themselves could in theory continue to thrive.

This is not the contradiction which it appears.

Discount houses have evolved into specialist market-makers in a range of short-term securities. They insist that their special relationship with the Bank of England contributes nothing to profits.

The corollary is that Union's losses should be seen as no more significant than the losses of any other market-maker in any other market. Its market judgment erred and it paid the price.

See Lex and Observer

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
City Merchants ....fin	1.25	Apr 10	-	3.25	-
Dalgety ....int	7.5	Jul 1	7.15	-	18.5
FII ....int	5.5	May 7	5	-	12.75
Gartmore Emerg ....fin	0.13	Apr 27	0.1	0.23★	0.1
Second Alliance ....int	12	Apr 3	11.5	-	35
Union Discount ....fin	2	Mar 27	23.5	13.5	35

Dividends shown pence per share net except where otherwise stated. ★includes special of 0.1p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Ashtead, Fletcher Challenge, Howard Hldgs, Norex.

Finals- Scottish Eastern Inv Trust, TR Pacific Inv Trust, Temple Bar Inv Trust.

FUTURE DATES

Interims-

Baillie Gifford Japan .... Mar. 31
De Morgan .... Feb. 21
Eleco .... Feb. 27
Usher (Frank) .... Feb. 21

Finals-

Baillie Gifford Shin Nipn......... Feb. 21
Baillie Gifford Tech .... Apr. 7
Brooke Tool Engineering .... Feb. 21
Craton Lodge & Knight .... Feb. 28
ECU Trust .... Mar. 19
Edinburgh Inv Trust .... Apr. 28
HSBC .... Mar. 10
Headline Book Publishing .... Feb. 20
Intrum Justitia .... Mar. 4
Inv Trust of Guernsey .... Feb. 20
Kleinwort Benson .... Feb. 26
Laing (John) .... Mar. 19
Lex Service .... Mar. 13
Macfarlane .... Mar. 31
Monks Inv Trust .... May 26
Northern Eng Inds .... Mar. 5
Pentland .... Mar. 5
Rolls-Royce .... Mar. 5
Saatchi & Saatchi .... Mar. 10
Scottish Mortgage & Trust......... Apr. 30
Sherwood Group .... Apr. 7
Simon Engineering .... Mar. 11
Smaller Cos Inv Trust .... Feb. 20
Strong & Fisher .... Mar. 10
TI .... Mar. 12

Agreement near for MacDonald Publishing sale

By Raymond Snoddy

Agreement in principle concerning the sale of MacDonald Publishing, the loss-making publishing venture of Maxwell Communication Corporation, is imminent.

Mr Anthony Lomas, of Price Waterhouse, the MCC administrator, is hoping to announce a potential purchaser later this week.

Considerable interest has been shown in MacDonald since it was placed in administration by the High Court in January.

All the signs point to Boston publisher Little Brown, Headline and Macmillan of the UK being among the serious contenders as the bidding reaches its final stages.

MacDonald's publications take in Catherine Cookson, the Noddy books of Enid Blyton and literary biography. It owed MCC about £33m and had been losing some £1m a year.

Mr Lomas denied reports yesterday that MacDonald had been losing authors because of the uncertainty and emphasised that it was unlikely that arrears of royalty payments to authors would not be met.

Despite the disruption caused by the collapse of the Maxwell empire, MacDonald has been trading normally and was virtually up to date with its February printing schedule.

City Merchants net asset value at 92.7p

The net asset value per share of City Merchants High Yield Trust reached 92.7p at the December 31 1991 year-end.

The company, which came to the market in May 1991, reported gross income for the period of £830,000, including deposit interest of £147,000.

Revenue after tax of £178,000 totalled £505,000 and the directors are recommending payment of a final dividend of 1.25p, making a total for the period of 3.25p.

The dividend is payable from earnings per share of 3.3659p.

Hanson launches defence of dividend policy

By Roland Rudd

HANSON, the Anglo-American conglomerate, has launched a counter offensive in response to criticism that its move to a quarterly pay-out amounts to a dividend cut.

In an attempt to persuade fund managers and analysts that shareholders would be better off under its new dividend policy Hanson has published a note showing that UK shareholders with 100,000 shares would receive net interest of £45.42, assuming 10 per cent interest rates, thanks to the earlier payment.

To minimise its advance corporation tax liability for the year to September 30 1992, Hanson last week announced that it would pay its dividend quarterly from July. There would be three further payments in October, January and April.

The quarterly dividends would not be less than 2.75p totalling at least last year's 11p by April.

Last year shareholders received 3.15p in July and 7.85p in February.

Hanson argues that while shareholders will be worse off in July, when they will receive 2.75p compared with last year's interim of 3.15p, they will be better off by April since they will have received three quarters of the dividend earlier than under the old dividend policy.

At a meeting of analysts and institutional shareholders last Friday, Lord Hanson, was reported by several people present as suggesting that the total dividend this financial year may be more than 11p.

One analyst said: "Lord Hanson made it clear that he was irritated that some commentators had suggested that the group's move to quarterly payout was designed to hide a dividend cut and made it clear that the group was quite likely to pay more than last year's 11p."

Hoare Govett, the group's brokers, are predicting a quarterly dividend of 2.82p, making a total of 11.28p.

Allied-Lyons signs pub deal with Brent Walker

By Philip Rawstorne

ALLIED-LYONS, the drinks, food and retailing group, yesterday announced that it had signed agreements for the lease of 734 of its pubs to Pubmaster, the Brent Walker retail subsidiary.

The deal was completed in spite of a warning from the Office of Fair Trading that the pubs would still form part of Allied's tied estate.

Allied's legal advice is that the pubs would count towards the 2,380 which government orders require it to free from exclusive beer supplies by November.

Under the terms of the agreement with Brent Walker, Allied will supply the enlarged Pubmaster estate with two thirds of its beer for seven years.

The differences between Allied and the OFT over the status of the pubs may have to be settled by the courts, though modifications of the beer supply agreement would probably meet the OFT's requirements.

Mr Don Marshall, Allied Breweries' commercial director, said: "We have been working for some time to structure the deal in such a way as to take into account any concerns the OFT may have. In announcing the signings, we are confident that this is a further step towards meeting the requirements of the tied estate order."

As part of the deal, Allied is buying 46 pubs from Brent Walker for £20.1m cash, of which £7m is deferred for one year.

Brent Walker had originally intended to sell 57 pubs to Allied but said yesterday that 11 had been withdrawn by agreement and had been sold instead to Wolverhampton & Dudley Breweries.

Bradford & Bingley raises debt provisions

By Angus Foster

BRADFORD & Bingley Building Society, Britain's seventh largest in asset terms, yesterday announced pre-tax profits of £107.8m for 1991.

This 7 per cent increase came in spite of record provisions for losses and non-performing interest of £47.6m (£9.4m).

The society said total assets grew 32 per cent to £11.9bn. This followed mergers with the Leamington Spa, Hendon and Hampshire societies as well as growth from new businesses.

Personal pensions business rose over 30 per cent, with annual premium income of £30m. Personal equity plan funds more than doubled to £212.5m.

Aristuein's £5m buy creates Bank of Edinburgh Group

By James Buxton, Scottish Correspondent

ARISTUEIN, a company set up in 1990 with the aim of acquiring small to medium-sized building societies, has acquired the Goode Durrant Bank.

The bank will now change its name to Bank of Edinburgh and Aristuein will change its own name to Bank of Edinburgh Group.

Goode Durrant Bank was a subsidiary of Goode Durrant, the vehicle hire, motor distribution and building group.

Aristuein paid £5m for the bank and as part of the deal sold Goode Durrant Bank's loan portfolio at its written down book value of £1.4m to another subsidiary of the Goode Durrant group.

The portfolio consisted of loans to property developers in the south of England.

The bank, which inherits a "stable depositor base," according to Aristuein, will now concentrate on taking personal savings and providing residential mortgages.

It will market itself through the press and independent financial intermediaries.

Mr Ken Murray, managing director of Aristuein, said it had always been the intention of the company to secure Bank of England permission to convert itself into a bank called Bank of Edinburgh, either before or as part of a merger with a building society.

Aristuein was set up in December 1990 with £26m of capital from UK and European institutions with the aim of taking over building societies and merging them into a federation which would be strong enough to compete with larger institutions.

Mr Murray said yesterday that it was in talks with several building societies about possible mergers but the discussions were covered by confidentiality agreements. "We are very ambitious," he said.

Getting to grips with the community care market

Andrew Bolger considers Seton Healthcare's change of direction and its rising fortunes

SETON Healthcare grew from a playful observation made by the company's founder while visiting an Oldham stockinette manufacturer in 1952.

Chatting to a machinist, Mr Ivor Stoller doubled a length of knotted tubular cotton fabric along his finger – and realised he had created a tubular bandage.

It took Mr Stoller a long time to persuade doctors and nurses of the contribution his new product could make to bandaging techniques which had changed little since the days of the Egyptian mummies. In 1960 the company started making Tubigrip, which now dominates the UK market for elasticated tubular support bandages.

Direct marketing to health professionals has continued to be important to Seton, which is now run by Mr Norman Stoller, the founder's son. It came to the market in July 1990 through a £23m placing at 130p a share, and has since seen its market value nearly triple – making it one of the stock market's best performing shares.

Annual sales of the company have grown from £700,000 at the start of the seventies reaching more than £30m last year. Pre-tax profits for the period came out at £3m.

Norman Stoller: seen market value nearly triple

In recent years it has shifted the balance of the group away from hospitals, where competitive contracting keeps the lid on profit margins, towards supplying prescription products to retail chemists and the community care market.

The trend towards more care being carried out in the community is fuelled both by the shorter length of hospital stays, and the increasing number of old people with chronic illnesses who need to be treated at home.

Seton claims that while people under 65 need an average of four prescriptions per year, the over-65s need 12 and those aged over 75 average 24 prescriptions each.

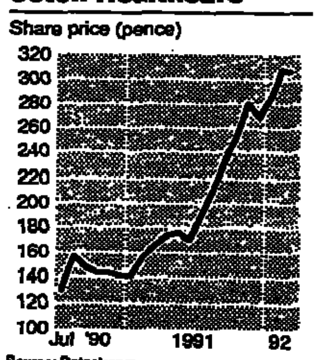
The group has made a particular effort to target district nurses and health visitors. They tend to be easier to reach than GPs, who are often besieged by representatives from the big drugs companies.

Under the Nurse Prescribing Bill, currently going through parliament, up to 28,000 qualified district nurses and health visitors will be be allowed to prescribe for the first time, once they have undergone additional training.

Seton established a direct sales force in the eighties and now has 26 former nurses on its books, who spend about 80 per cent of their time selling in the community. As trained nurses, they can demonstrate products and advise on their application for particular medical problems.

One of the group's newest products is Setopress, a high-compression bandage used for the treatment of venous ulcers, a common condition among elderly people. Nurses know they have applied it using the most effective pressure when the pattern woven into the bandage is stretched to form a perfect square.

Seton Healthcare



Source: Datastream

Seton recognises that the higher margins available in the community care side of the health business will attract competition, but is confident that the group's sales force of trained nurses gives it a considerable advantage.

Mr Dieno George, managing director, said: "If our competitors send in the salesmen with shiny shoes, they are going to struggle. Nurses want help and advice, not a hard sell."

Seton also stressed the importance of having a direct sales force last month when it announced the sale of its US subsidiary, SePro Healthcare, and new distribution arrangements in the US.

Although the financial performance of its US subsidiary had improved substantially over the last three years, Seton said SePro had no sales force outside the hospital market, and the cost of building one up to take advantage of the same trend towards community care in the US was beyond the resources of the UK group.

Seton has sold most of its healthcare business in the US to Acme United Corporation, a long-established company which has been distributing Seton's Lyofoam range of wound dressings since 1985. Acme has a considerable sales force in both the hospital and community sectors, and will now distribute several other Seton products.

Seton is confident that these new arrangements will be to develop the sales and profits of the UK group's products more quickly in North America.

The acquisition of quality brands has also been another key factor in Seton's rapid growth. In 1990 it bought two muscular pain relief creams, Transvasin and Lloyd's Cream, for £1.35m from Reckitt & Colman, the food and household products group.

Last year the group paid an initial £1.5m for the Steripod trade mark, which covers a new range of the latest "blow-fill-seal" technology. This enables sterile pharmaceutical solutions to be delivered by plastic vials, containers which are ideally suited to the requirements of community nurses.

Although the scale of the market caused Seton to retreat from direct selling in the US, Seton is determined that in Europe it will continue to pursue its strategy of "following the patient" from hospital back into the community.

The group has established a joint venture with its distributor in the Netherlands to share the costs of setting up a sales team which will sell Seton products directly to the community care market.

Success in the Netherlands would provide a platform for considerable expansion by Seton across Europe.

Wearside: winning Nissan's investment has been a big morale booster, Page 2

FINANCIAL TIMES SURVEY

TYNE and WEAR

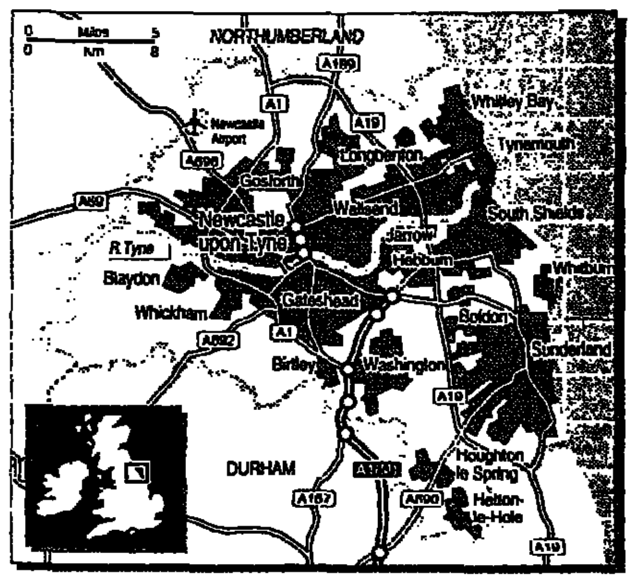
Social problems: mention of last year's riots still provokes unease, Page 5

Tuesday February 18 1992

Nissan started a bandwagon of inward investment that is transforming Tyne and Wear's economy, but pockets of long-term unemployment remain a serious problem. Last year's riots damaged a carefully nurtured image but, paradoxically, they may even have strengthened the region's case, writes **Ian Hamilton Fazey**

Standing up to recession

Swan Hunter's Wallsend shipyard on Tyneside where Type-23 frigates are under construction as part of a £400m contract



TYNE and WEAR is undergoing long-term and continuing economic change, creating problems as well as benefits. The overall picture is summed up by Mr Paul Briggs, chairman of the north- east region of the Confederation of British Industry.

"In the north-east we have changed the fabric and means of business. The economy is being reconstructed. Productivity is infinitely higher. The biggest development of the last 10 years has been the amount of inward investment and the new demands it has imposed on quality and performance. We have now got to grow many more businesses in the region.

"On the other hand, the problem is a rump of unemployment which is very difficult to overcome. There is a bad educational problem. We need a *multi-skilled workforce*, not labourers.

"This raises a major social question and will require an integrated approach. The link between business and education must improve and involve government, local authorities, schools, further education colleges, universities and the training and enterprise councils."

The urgency of this social question was not fully recognised either regionally or nationally until last September, when riots erupted on Tyneside.

Their impact on most people outside the region was worsened by an unawareness of underlying problems because of a concerted "talking-up" of the region's attributes to impress inward investors.

This campaign had justified itself by attracting Nissan to Tyne and Wear in 1985. "We now have nearly 50 Japanese companies, nearly 12,000 jobs and £1.7bn from them in the region," says Dr John Bridge, chief executive of the Northern Development Company (NDC), a consortium with public and private sector support.

The NDC is now targeting Korea and Taiwan and the first trickle of companies has arrived, but that is only part of the story. In the 18 months to last October, foreign inward investors started 83 projects, creating or safeguarding 8,000 jobs, with an estimated £1bn of capital spending.

Thirty-seven involved European-based companies, 24 were from the Far East, and 22 from the US. Far East investors accounted for 40 per cent of the jobs. In addition, 37 projects involved relocating UK companies, creating another 2,400 jobs.

Not all this activity went into Tyne and Wear. The NDC acts for the whole north-east and Cumbria, but Newcastle is the regional capital and service centre and its conurbation of 1.13m people has the largest population. What is good for the north is good for Tyne and Wear.

Generally, the influx has broadened the economic base and helped Tyne and Wear to withstand recession better than most of the south of Britain. Moreover, 40 per cent of output is now exported – inevitably so, since the inward investors have mainly come for easier access to European markets. This, coupled with very few people or businesses mortgaged up to the hilt, has helped insulate the local economy from the problems of southern England.

Why the inward investment is needed is that only half a generation ago a third of the north-east's workforce was employed in shipbuilding, steelmaking or coalmining. Closures have seen the figure drop to only 3 per cent now.

This long-term decline of basic industry is condemned by Mr Doug Henderson, MP for Newcastle North and one of the Labour party's trade and industry spokesmen. He is glad of Nissan's arrival but says it does not yet herald economic revival for an area which has consistently been near the top of the UK unemployment league.

The search for work is the issue. In Tyne and Wear, for example, shipbuilding has been reduced to the high-tech warship yard of Swan Hunter.

Amec, in the shape of its Press Offshore subsidiary, has been another indigenous success, as have the Rolls-Royce Industrial Power Group – formerly NEI – and Vickers, builders of the battle-proven Challenger tank. But the need for higher productivity has limited the numbers of jobs they can create.

Most new jobs require qualified workers such as at two emergent Tyneside information technology businesses, Quality Software Products and Sage.

"You don't need labourers carrying buckets of rivets around Swan Hunter any more," says Mr Neville Trotter, MP for Tynemouth and Tyne and Wear's only Conservative in the House of Commons. The Meadow Well estate, where the riots began, is in his constituency.

Politically, reconstructing the regional economy has been a race to reduce unemployment to manageable levels before the social problems boiled over. The rate for Tyne and Wear was 11.8 per cent last December – the latest detailed figure – with another 0.8 per cent on employment training.

In addition, 12.6 per cent of under-18s were out of work and another 62 per cent of them were in youth training. There were 1,708 vacancies advertised in Jobcentres; one for every 38 unemployed claimants.

Absolute numbers are down at least a third on the levels before Nissan's arrival, but the concentration of long-term joblessness into pockets has accentuated the differences between the haves and have-nots.

Newcastle's submission for urban funding in the government's City Challenge competition says more than half the people under 24 in the West End district are out of work. Only one in 50 who attend the local comprehensive school leave with five or more GCSE passes.

Within the West End, beside the river, is the Tyne and Wear Development Corporation's impressive Newcastle Business Park. British Airways has set up a computerised telephone-sales operation there. Only the brightest have a chance of anything other than a menial job.

In spite of the efforts of many decent local people, these are the conditions in which is developed an underclass with a criminal culture. An inevitable result – as has happened following other UK urban riots in the past 12 years – is that the blame has been put almost entirely on criminals, with only a token acknowledgement of the conditions which enabled them to flourish.

Mr Trotter says about 100 professional criminals rioted because the police had started to crack down successfully on their Meadow Well base. Mr Alastair Balls, chief executive of the development corporation, talks of "criminal gangs" impeding the building of community networks among decent people.

Mr Bob Tilmouth, chief executive of Tyne and Wear Chamber of Commerce, says: "There were two reasons for the riots: crime, and a badly managed housing estate. They were a great sadness to the community, but they were criminal in origin."

Dr Bridge says: "They put crime on the shopping list of things companies wanted to know about. Tokyo TV was a problem because it was a negative, but people soon realised that it's no worse here than overseas. It's less of problem than was the one they used to ask about – industrial relations. They don't ask about labour relations at all any more because those problems don't exist."

But Mr Tilmouth adds: "The riots have stiffened our resolve. There is still a long way to go. Many of us are determined to press on harder than before."

Indeed, the riots may help Tyne and Wear sell its case, which often looked almost too good to be true when it was merely promoted, rather than argued. The argument is strong: an entire sub-region has largely pulled itself up by its bootstraps and started to transform a declining, failing economy into a growing one.

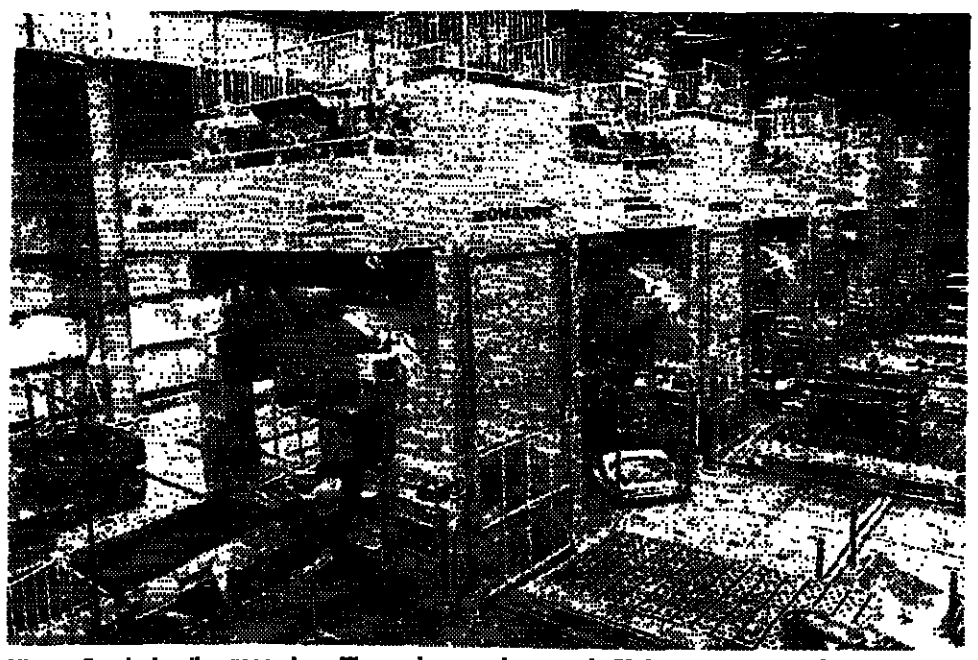
Mr Kit Pumphrey of Newcastle stockbrokers Wise Speke sums up a growing mood: "All my life we have been running to stand still against industrial decline. Now we have a chance to build and grow. We have turned a corner and have much more power to help ourselves."

FEW trips can have paid greater dividends than the flight which Sir William McAlpine and his son Andrew took to Japan soon after Nissan revealed in 1981 that it planned to site its European car plant in the UK.

As a result largely of the negotiations triggered by that visit, McAlpine's annual north-east turnover rose from £10m before 1984, when Nissan announced it had chosen the former Sunderland airport site, to £150m in 1991 – two thirds of it directly attributable to Japanese investment.

Last year was admittedly exceptional even by the standards of McAlpine's success in winning Japanese contracts: in 1991 the company's work on the ever-expanding Nissan plant, now a £900m investment, coincided with its construction of the first phase of Fujitsu's £400m semiconductor plant at Newton Aycliffe in Co Durham.

Even so, the remarkable boost to turnover underlines the sometimes overlooked spin-off of Nissan's choice of Tyne and Wear for locally-based companies beyond the automotive components sector.



Nissan Sunderland's press shop. The region now has nearly 50 Japanese companies

Chris Tighe looks at Nissan's regional impact

Benefits beyond the automotive sector

Quantity surveyors and project managers Turner & Townsend, founded in north-east England in 1946 and headquartered in Darlington, Co Durham, were similarly quick off the mark in 1981 when Nissan, in tandem with its search for a site, began a less publicised survey of the UK construction industry.

Although the Japanese car maker was at that time making no promises to develop beyond its proposed 24,000 cars-a-year first phase, Turner & Townsend realised the project's enormous potential significance and tried hard, but discreetly, to help Nissan with any information it required.

That policy of establishing cordial relations early on – and of taking Nissan seriously – has paid off handsomely. Since 1984, the firm has had a constant presence at the Sunderland site, controlling construction finance and contracts.

As a direct result it was selected as project manager not only by several Nissan suppliers moving into the surrounding area but by excavator manufacturer Komatsu at Birtley, Tyne and Wear and by Fujitsu for its new Aycliffe plant.

The firm's story also demonstrates the importance Nissan at Sunderland has attached to developing its relationships. Thanks to the good understanding built up there, Turner & Townsend was given responsibility for overseeing development of both the Cranfield, Bedfordshire, headquarters of Nissan's European Technology Centre and the Maple Cross HQ of Nissan Motor GB, the company's new distributor.

"Relationships are terribly important to the Japanese," says Mr David Barry, a partner in the firm and regional director for Turner & Townsend Project Management. "Having started a relationship they want to see it succeed."

His firm, one of the UK's six biggest in its field, does not divulge its turnover but the Japanese link has substantially boosted income in its north-east heartland. It has insulated the firm locally from the chill of recession, which has forced competitors to cut staff. And it led to the firm being chosen by Toyota as quantity surveyor for its new Derby plant – a contract to which Nissan had no objection provided a "Chinese wall" operated between the relevant staff in the firm's Derby and north-east offices.

"Nissan was the pad which launched us into this type of work," says Mr Barry. "It's been a tremendous relationship." He and Mr Benny Kelly, McAlpine's regional manager, say they have found Nissan tough in negotiations but loyal and determined to make the relationship work. Both also say Nissan has been very keen to get local companies to work on the plant's development.

Other beneficiaries of this policy include electrical engineers Mott McDonald, the consulting engineers for the Tyne Bridge in the 1920s, also constantly at work on the Nissan site since 1984. The "Nissan Effect" has even helped transform its potted plant suppliers from a little local company into a national operator.

Keenness to build local relationships does not however imply any timidity or *laissez-faire* on Nissan's part. Indeed, one of the company's most remarkable features has been the way it has set its own agenda.

At Nissan's request, Turner & Townsend even found themselves restructuring the conventional relationship between client, consultants and contractor. "We sat with Nissan on one side of the table," explains Mr Barry. Mr Kelly says Nissan's requirements have stimulated the quality of construction work in the region and improved its responsiveness.

Nissan has also forcefully championed to local businesses the doctrines of total quality, flexibility, teamworking, training and equal status. More traditional companies may still have executive dining rooms but some now feel a touch defensive about them.

Occasionally there are grumbles that Nissan hogs the limelight a little too much. But nobody denies the importance to Tyne and Wear of Europe's biggest single inward investment by a Japanese company.

The backdrop of UK recession makes even more notable Nissan's announcement last month of another £200m of investment at Sunderland, another 600 jobs, boosting employment to 4,600 next year, and an increase in production capacity by 1993 from 220,000 cars to 300,000.

"It gives some pause for thought for those people who thought they were just coming in for a quick buck and would then go away again," comments Mr Ed Robson, Sunderland's director of architecture and planning, who was project co-ordinator in the 1980s for the Tyne and Wear local authorities' campaign to net Nissan.

The company's choice of the region, its successful expansion and impressive performance – the Sunderland workforce is said to equal its Japanese counterparts – have been valuable selling points in attracting inward investment.

"It's a very strong signal that this is a very good place not only to invest but to grow," says Dr John Bridge, chief executive of the Northern Development Company, the economic regeneration body. The region now has nearly 50 Japanese companies, expected by 1993 to have created about 12,000 jobs and invested £1.7bn.

There is no mistaking what many north-east job hunters think of Nissan's presence; its current local recruitment campaign for 1,600 additional employees, to reach its 4,600 target, has so far elicited 28,000 applications. But the message has also got through to many of the unemployed that they are not part of Nissan's brave new world. "I'm too old for them" is a frequent refrain among jobless over-35-year-olds.

Nissan's choice of Sunderland raised hopes that a whole new automotive sector would be created in a region devoid of significant car manufacturing since Edwardian times, when Lord Armstrong's Newcastle works made cars for export to Japan. Some spin-off from Nissan, obliged by European Community requirements to achieving 80 per cent European sourcing, is evident, especially in Sunderland and Wearside. Since the mid-80s some 23 automotive suppliers have set up in the region.

Nissan estimates it will spend £190m with its 27 north-east suppliers this year, rising to £281m in 1993 out of a total £850m spent with 195 European suppliers. North-east suppliers account for almost half its UK components spending. By next year, Nissan expects its orders to generate work for about 3,000 employees in north east-based direct supplier companies.

The Tyne and Wear Development Corporation argued in a recent report, Automotives – the Driving Force of the New North East, that the region could now become a premier centre of car component manufacture in Britain and possibly Europe. Mr Alastair Balls, TWDC chief executive, believes 300,000 cars-a-year capacity is the level at which component suppliers may be attracted to relocate into the north-east when the recession abates. That, he says, is "just tough" for other regions.

Professor Ray Hudson and Dr David Sadler, Durham University geographers, have raised some eyebrows, and even tempers, locally with a recent report suggesting new facilities developed around the Nissan plant have tended to specialise in production of relatively low value-added and bulky components. Their research also suggested the equation optimistically made between just-in-time production and spatial proximity had been greatly over-stated.

In a region fighting for more automotive industry, this is heretical talk. But Prof Hudson says he is denying neither the pulling power of Nissan, nor its direct contribution to the local economy. "What Nissan will have done in employment terms, although in a different part of the north-east, is replace Consett steel works."

He also predicts that Nissan will expand its annual capacity to 400,000 cars during the 1990s. "That would be a pretty powerful magnet."

■ WEARSIDE

A morale booster

MAKE IT WEARSIDE, urge the slogans emblazoned on hundreds of commercial vehicles owned by Sunderland borough council and local private companies.

Make it Wearside, entreat the advertisements designed to promote the borough as "the advanced manufacturing centre of the North".

Sunderland, one of Britain's largest towns, has long felt aggrieved at playing second fiddle – in outsiders' eyes, at least – to Newcastle. Wearsiders, known locally as Makems, do not take kindly to being mistaken for Geordies.

Winning Nissan's investment and watching it flourish and attract component suppliers has been a big morale booster for those local people who feel they or their children have a chance of working for the new automotive employers.

Others, meanwhile, have cheered themselves a little with the spectacle of Newcastle United trailing behind their Roker rivals on the football pitch.

But the real boost for Sunderland now would be to see significant job creation on the riverside sites which once provided the thousands of shipbuilding, coal mining and heavy engineering jobs on which the town so heavily relied.

These traditional industries bore the brunt of Wearside's job cuts in the 1980s. Within a decade, their workforce was cut by a half, the town lost its last shipyards – ending a 600-year-old industry – and the total number of employees in work dropped by 5,300 to 90,800, a fall due almost entirely to a reduction in male employment.

Even so, when the government decided in 1988 to close the last shipyards with the loss of 2,400 jobs, some members of the local business community, which includes substantial employers such as Nissan, Rolls Royce, Vaux and Grove-Coles, not surprisingly took exception to the "dead town" image portrayed in sections of the media.

But outcry over the shipyards' closure helped secure a 150 acre enterprise zone as part of the goverment's £45m "rescue package". It also triggered the creation of The Wearside Opportunity (TWO), a local private sector initiative, in partnership with the local authority and development agencies, to regenerate the borough's economy and pep up its morale by building on its manufacturing traditions with new, forward-looking industry.

In fighting for inward investment, Sunderland now has a number of advantages. They include Nissan's proximity and the enterprise zone, in force until the year 2,000.

Zone status is the factor which squares the circle, making speculative building financially attractive, says Mr Norman Bachelor, a director of Washington Developments, a London and Edinburgh Trust subsidiary. In Tyne and Wear generally, rental levels are still a deterrent to private sector developers, he says. His company is now developing the first 57,000 sq ft phase of 500,000 sq ft of business space on the Tyne and Wear Development Corporation's Hylton Riverside site.

Nearby in the zone, beside car dealer Reg Vardy's new showroom, the flagship for the new Nissan Motor GB distribution network, Scottish Provident have just developed eight high specification industrial-

Dr Anne Wright: developed several facilities for industry

warehouse units, called Sunrise Enterprise Park. At the third section of the zone, Doxford Business Park, Akeler Developments Plc are about to start work on the first phase of more than one million square feet of space, plus a hotel.

Eleven English Estates units, in three eye-catching pavilions, were the first new units in the zone; seven have so far been let at around £7 per sq ft.

The zone's prime purpose is to attract companies new to the area. But relocations from nearby are being welcomed too provided they increase their workforce.

Another important element in the campaign to foster advanced manufacturing is Sunderland Polytechnic. Led by Dr Anne Wright, the only female polytechnic rector outside London, it has developed a number of facilities for industry. These range from its electromagnetic compatibility testing tank, for businesses trying to attain new European standards, to its advanced manufacturing systems centre, which advises on integration of computers and robotics into manufacturing processes.

The 1989 census of employment showed 25.2 per cent of Wearside's employees then worked in manufacturing, 2 per cent above the national average. Despite the emphasis placed by TWO and its partners on training and flexibility, many of those who have lost their jobs in recent years are worried there is no place for them in "high-tech" industry. Low aspiration, says one senior local figure, is Wearsiders' biggest problem.

However, there is general recognition that high-tech manufacturing is only one aspect of Wearside's future. And for many local people, recent arrivals such as Press Offshore, which has moved onto the former South Docks site, and Christmas decorations manufacturer Ti-Well, a relocation from Bedfordshire to a former shipyard workshop where ships funnels were once made, seem more immediately relevant to their employment needs.

Nissan's presence has drawn in some significant new employers such as switch and engine valve makers TRW, and Sommer Allibert, who make dashboards. In the year to April 1991, the Commission for the New Towns saw a 150 per cent increase over any previous year in its industrial development land sales in Washington, thanks partly to incoming Nissan suppliers.

Delighted though it is at Nissan's success, the borough council does not overstate its importance; it does not want outsiders to imagine Nissan dominates the entire local labour market. As Janet Snaith, the council's employment manager, says: "We still have 17,000 unemployed and a long way to go."

Chris Tighe

■ HOUSING

Market is dull but firm

WHEN the Newcastle-based Northern Rock Building Society announced a record financial year last week despite supposedly nationwide recession in property markets, it begged the question why. Something more than a local fluke was clearly at work because the smaller, Sunderland-based North of England society had also reported unprecedented good results the week before.

While luck played no part, regional culture and history did. Tyne and Wear has never had a domestic property market based on false values or rampant inflation. Until recently, half the people lived in council or private rented accommodation.

The area has long been comparatively short of middle-class managers or professionals compared with other northern counties such as Greater Manchester or West Yorkshire. Tyne and Wear is smaller and does not sprawl, and has had less pressure to push outwards into the countryside than elsewhere.

The duller, but firm market produced by such factors is reflected in Northern Rock's own corporate culture. Mr Kevin Southwood, director and general manager, says: "We have never done 100 per cent loans or non-status loans. We have always checked that people will be able to afford to pay. In our re-mortgage business, we never lend more than 80 per cent of the value of the property.

"When we have had to repossess from defaulting mortgagees, it has been because of marital breakdown or redundancy, not the inability of people who borrowed too much to cope with high interest rates. The result is that we have had only 35 repossessions on Tyneside over the past 12 months.

"For a £4.5bn building society, that is very, very small. Even when we have repossessed, we have not lost any money because prices are firm. Indeed, it is difficult to detect any decline in values. Some people say they could have sold for more a year ago, but there is no actual fall in terms of prices dropping below what people paid."

It is now the eleventh-largest UK building society

If anyone thinks this conservatism makes for a dull company, Northern Rock's results are testament to the virtues of prudence. It has achieved entirely organic expansion with no mergers; last year, assets grew by 29 per cent, profits by 33 per cent; it has done 45 per cent more lending and achieved more than 15 per cent reduction in unit costs.

A 30 per cent market share in the north-east suggests a fair reflection of the state of regional economy. Northern Rock has a national spread, but half its branches are in the north-east and two-thirds of its 1,200 staff. In terms of asset value, it is now the eleventh-largest British building society.

In an adjacent office block to Northern Rock, Mr Howard Dawe, chief executive of Bellway, the house builder, says: "We have great faith in northern markets because traditionally there was low home ownership. It is only 60 per cent now." He says regional housing markets only start to become saturated when owner-occupation reaches about 75 per cent of the housing stock. Then the market depends on people moving house, which fewer do in recession. At Northern Rock, Mr Southwood says that the region's evolving and broader economic structure is improving general affluence and upward mobility, so home ownership and trading up are continuing.

The result is that while there has been a considerable slowdown at the top end, the market for houses priced up to £75,000 is still buoyant. Even houses costing over £100,000 are still selling, but the market is quieter.

These prices would not buy much in the south, but in the north they do. "Our main range is from one-bedroomed flats to five-bed semis, with prices running from £25,000 to £250,000," Mr Dawe says.

This did not win Bellway many admirers during the southern boom, when it hardly looked daring compared with its Tyneside rival Barratt. But its share price was five times Barratt's last week, giving Bellway a market capitalisation of £93.1m against £90.2m for Barratt.

He is critical, however, of green belt policies, which he sees as based on a need to halt urban sprawl that is valid in the south but not in Tyne and Wear. He says shortage of good building land has put pressure on executive housing markets. Mr Southwood says these may actually have become locally overheated because of the shortage.

The strong market encouraged the famous Gosforth rugby club to sell its Northumberland county ground for executive housing. Generally, two acres plus a house can cost more than £350,000. Darras Hall – Newcastle's "executive ghetto" near the airport – offers prices from £180,000 to £400,000 and many relocating southerners, armed with large sums from southern sales before the recession, have in recent years looked no farther.

Partly because the executive housing market is tight, the commuter belt for Tyneside has fanned out considerably northwards and westwards into Northumberland as roads have improved. This good local infrastructure is seen by economic development bodies – and relocating industry – as one of the region's prime attractions, especially for people used to miserable London commuting standards.

There has therefore been a fast-growing awareness of the attractions of the Tyne Valley's many beautiful honey-coloured stone homes, in towns and villages such as Hexham and Corbridge and Wylam, or in nearby hamlets. Prices have responded accordingly and projects such as barn conversions are likely to provide local builders with lucrative work.

Nevertheless, Newcastle has some highly attractive areas of good quality, executive housing close to the city centre and very readily accessible to the many fine cultural, leisure and shopping facilities it offers by dint of its regional capital status. All five boroughs have areas of up-market housing, often close to useful amenities such as the Metro rapid transit system.

Indeed, the underground Metro system – which opened in 1984 at a cost of £284m – is becoming an increasingly important asset in the Tyne and Wear lifestyle, especially since it offers rather more pleasant rides and greater efficiency than its London counterpart.

Three months ago, a new £12m extension opened to Newcastle Airport. It is a strategic element in the north east's infrastructure as it links the airport directly to British Rail services, attracting nearly £2.5m from the European Regional Development Fund.

The retreat of coal mining has also opened up interesting housing possibilities

A feasibility study is in progress into extending the Metro to Sunderland, which would provide another strategically important link by improving regional coherence.

Meanwhile, south of the river but inland, the demise of heavy industry such as the Consett steel works in County Durham has made areas such as Derwentside attractive and affordable for many in the Tyne and Wear workforce.

The retreat of coal mining has also opened up interesting housing possibilities. The prime example is the upmarket new estate developed by Barratt and McLean in South Tyneside on the former Whitburn colliery. The adjacent pit heap has become a coastal park, due to be handed over to the National Trust. The coal stocking site is a nature reserve.

Within the urban area, there has been new housing development, some of it very attractive, on several infill sites. On the fringes, in areas such as Kingston Park on the northern edge of Newcastle, there are large new housing estates. Despite cash restrictions, the local authorities have also been progressively upgrading their housing stock, including estates whose design made them unattractive to tenants.

The government's urban programme has also been important here, with Bellway in particular exploiting it, as it has elsewhere in Britain. Ten years ago it bought nearly 200 run-down council flats in Scotswood and successfully converted them for sale at prices that local people could afford.

It is now four years into Hebburn Village, on the site of the shipyard that built HMS Kelly, Lord Mountbatten's ship, in the Second World War.

There will eventually be 500 low-cost homes, mainly of two- or three-bedroom size. Starting prices of £20,000 have now appreciated into the £30,000-£40,000 range. Eventually, a few up-market homes will be added, costing £60,000-£70,000.

"We are selling to people who are moving back into the district. They moved out because of poor housing and now it has improved they want to get back to familiar places and faces," says Mr Bill Stevenson, Bellway's urban renewal chief.

Ian Hamilton Fazey and Chris Tighe

■ TYNESIDE

A powerful magnet

NEWCASTLE comes as a surprise to many first-time visitors.

Primed to expect – depending to their preconceptions – pit heaps, grime, a concrete jungle or men in mufflers and flat caps, many are taken aback at the city's handsome central conservation area, its fine shops and dozens of restaurants.

Newcastle, unlike so many British urban centres which die after 6pm, has retained a grip on its populace's thirst for leisure and entertainment, whether than means eight pints of lager and a kebab or a night at the opera.

Regional capital of the north-east, its facilities are a powerful magnet for Tyneside's 832,000 population. How else could a city with fewer than 300,000 residents, 12.9 per cent of them unemployed, possibly support in its centre alone more than 100 restaurants, 60 pubs and nightclubs, three department stores, hundreds of shops and a plethora of theatres, cinemas, museums and other cultural facilities?


Grey Street, Newcastle: a plethora of cultural facilities

The Royal Shakespeare Company's annual visits to its "third home" and performances by the city's resident Northern Sinfonia and visiting orchestras, draw people in from a very wide area.

The Theatre Royal, beautifully refurbished at a cost of £9.3m, and the restored Tyne Theatre, which has Victorian understage machinery of interest to theatre historians worldwide, are both held in great affection and regard.

The same cannot be said of the City Hall, the main concert venue, long criticised for its lack of atmosphere and size – it is inadequate for blockbuster events. To test the commercial scope for a new concert venue, an expert study funded by the TWDC, the city council, the Department of the Environment and the Northumbria and English tourist boards began last month.

Tyneside's two giant retail centres – Eldon Square, Europe's largest city centre shopping complex in Newcastle, and the MetroCentre, Europe's largest out-of-town shopping and leisure complex in Gateshead – maintain a friendly rivalry, co-operating in wooing big-spending Scandinavians and competing in the home market.

Both had very good Christmases and are sounding bullish even now. Secondary shopping streets and areas are, however, finding the competition difficult and are tending to shift downmarket. But Newcastle is about to have an injection of yet more top quality shopping space at its very heart; the new neo-classical Monument Mall will open this spring.

Although the city has responded swiftly to any threat to its supremacy – the MetroCentre's multiscreen cinema was promptly countered by a similar development in Newcastle and Eldon Square has been extended since the MetroCentre opened – it has been unable to combat the shrinkage of its manufacturing sector.

Manufacturing employment declined from 28 per cent in 1981 to 17 per cent in 1989, with a corresponding rise in the service sector; about 20,000 manufacturing jobs have been lost in the city in the past 20 years. The latest cut is at Anglo Great Lakes' graphite electrode plant, closing this summer with the loss of 230 jobs.

Some argue that all this is an inevitable feature of international employment trends; that the remaining big manufacturers, by dint of investment, are offering high quality jobs with prospects; that in an age of mobility Newcastle should embrace a service, small business and high-tech industry future, built partly on its strong academic sector, and not worry too much if some residents work elsewhere in Tyne and Wear.

But the city's failure to attract any of the north-east's Japanese manufacturing investments has underlined its lack of large development sites. To remedy this, the city council's unitary development plan controversially proposes the release of 1,222 hectares from the green belt near Newcastle airport and the new Western Bypass. The land would be available for business and industry, recreation and 3,000 homes.

Gateshead has fared better in land availability, thanks to its large Team Valley Estate. The public developer English Estates, headquartered here, is carrying out developments in various locations in Tyne and Wear to help diversify its economic base. Some are high-tech, others more conventional such as its new factory development at Walker Riverside in Newcastle.

Much of the former Gateshead garden festival site is destined for housing or recreation but near the river Sir Robert McAlpine is to develop Tyne Park, comprising office and high-tech space. Agents Storey Sons and Parker have no firm lettings yet but say they are not disappointed with the level of interest. They remain convinced there is potential on Tyneside for more modern, high quality office space and for rental growth from the present £13.50 per sq ft maximum.

Storey Sons and Parker itself made news last year when six partners bought the business from Lloyds. Headquartered in Newcastle, with other offices in Yorkshire and the north-west, it claims to be the north of England's largest firm of commercial-sector chartered property surveyors.

The firm notes that several leading hotel groups have, against the national trend, been inquiring about development sites in Tyneside, even though several new hotels, including the four-star Copthorne on Newcastle Quayside and the Friendly Hotel at Boldon Business Park, South Tyneside, have opened recently. Other occupants of the Boldon park include Japanese car trim manufacturer Hashimoto, a Nissan supplier.

Work also starts this summer on a new hotel near the river mouth in South Shields. It will be ready in time for next year's Tall Ships Race. The last race, in 1986, stirred deep affections for the River Tyne. Since then its riversides have been much rejuvenated. The 1993 event should be one to remember.

Chris Tighe

TYNE AND WEAR DEVELOPMENT CORPORATION

Still cracking problems

THE past few months have been trying times for the Tyne and Wear Development Corporation: it had just published an attractive annual report last September when Tyneside's riots made the document look like self-congratulatory hyperbole.

Worse, by congratulating itself in the report for its community relations, the corporation appeared to be out of touch with reality. Advertising and promotional campaigns went into red-faced retreat while the corporation's directors and officers took stock.

Any reappraisal, however, has been more about style than substance. The corporation, which spends £50m a year as the government's main agency for regenerating the Tyne and Wear economy, decided even as the riots raged that it was not going to change tack. It believed then, as now, that its policies had not failed and were already being vindicated.

"Riots would only represent a failure of policy if they happened in 10 years' time," says Mr Alastair Balls, the chief executive.

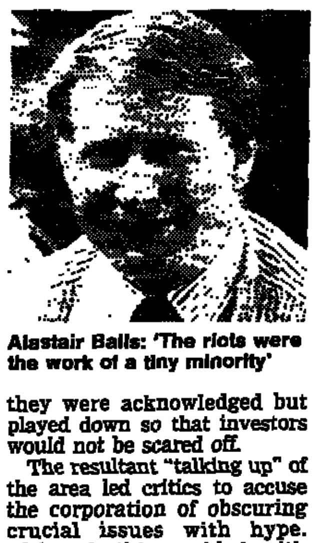
"Most people's perception is that last September's disturbances were a seven-day wonder. There is no reason to believe they will be repeated. They were the work of a tiny minority and were mainly criminal in nature. People are very angry about them. Action has now been taken by police and the local communities to ensure they do not repeat themselves."

Moreover, he sticks by the claim in the annual report that the corporation has "cracked the problem" of reconciling investor demand to local community aspirations. He says this means that the mechanism to crack the problem is in place, rather than the problems solved.

The mechanism revolves around community consultation and involvement in developments. Relationships are sometimes fragile and hampered by lack of community centres or obvious leaders to offset the power of "community gangs" but Mr Balls says there is no other way forward than to build on whatever legitimate points of focus can be found, such as local schools.

What seems different now, however, is that the social problems are being confronted more openly. Before the riots

St Peter's Basin: imaginative housing and harbour development



Alastair Balls: 'The riots were the work of a tiny minority'

they were acknowledged but played down so that investors would not be scared off.

The resultant "talking up" of the area led critics to accuse the corporation of obscuring crucial issues with hype. Although this rankled with some of its senior figures – "Marxist propaganda" was one retort – the riots have forced issues more into the open.

"There are social problems and this cannot be gainsaid," Mr Balls acknowledges. The result is that the corporation now appears to be arguing its case rather than merely promoting it. Indeed, the riots have been a stern test of argument – and judged against other attempts at economic development in Britain and in the US, Tyne and Wear's argument is a strong one.

The corporation is now five years old and half way through its planned life. It has adopted a "string of pearls" approach to regeneration, reclaiming more than 10 miles of separated, derelict waterside sites along the Tyne for a business park, industrial areas and housing and leisure developments.

As with similar agencies in other British conurbations, it is its own planning authority and can enforce land assembly through compulsory purchase.

This has been crucial on Tyneside because development has long been stymied by fragmented ownership of many miles of river bank. Newcastle Business Park, where the corporation now has its own offices, proves the point: there was a single landowner so it started filling up as soon as the corporation had serviced it.

Similarly, a few miles down river, St Peter's Basin, an imaginative housing and harbour development, was also completed rapidly.

These projects have testified to the corporation's competence – it even rescued the hotel after Rush & Tompkins, its builder, had gone bust – but Mr Balls says developers need more than that.

"The one thing that gives the corporation clout is confidence among the private sector that land really will be assembled. Nearly every major site we have was in fragmented ownership. Unless people believe you can get it together, they won't take an interest," he says.

Completion of a fifth compulsory purchase public inquiry has therefore been yet more evidence of earnestness. But perhaps more important was a long struggle through the courts to beat off objections from Procter and Gamble to the corporation's plans for East Quayside, which will help Newcastle exploit the waterfront better.

The corporation spent about £300,000 to win. Mr Balls says it had to be: losing would have frustrated land assembly and dented investor confidence. By contrast, he says, the riots failed to make any real impact on confidence at all, indicating the private sector's real priorities.

"We have 15 projects under way with developers building," Mr Balls says. "In our view that is quite unusual in a recession and contrasts considerably with elsewhere. The question is whether the area's economy is capable of sustaining the developments so that there won't be an oversupply.

"We have been careful to try and ensure that the type of property we are bringing to the market has been wanted. There is still a strong market for top quality office accommodation in Newcastle. As long as we feed the market at the right rate, we should fill it. This is about 150,000-250,000 sq ft a year at present."

The corporation also has what it hopes will be a science park approaching completion – 150,000 sq ft of modern space in the middle of Newcastle.

Meanwhile, in Sunderland, the corporation owns two of the three sites comprising the new enterprise zone and is building speculatively at a rate of 75,000 sq ft a year to bring a measured volume to the market.

Since the sites are only half a mile from Nissan's factory, no one believes there is much risk in building before end-users have been found.

Another high-profile Wearside project is a new campus for the polytechnic, which will eventually transform itself into the University of Sunderland, with close links to Nissan.

Hanging over this considerable progress, however, is the uncomfortable problem of nearly every Tyneside site being hemmed against the river by run-down or deprived neighbourhoods, sharpening the contrast being the haves and the have-nots.

The riots may have been inspired by criminals, but they could not have taken hold without genuine local grievances to fan the flames.

Typical unemployment rates are between 30 and 50 per cent and Mr Balls acknowledges there will be serious consequences for the corporation if opportunities do not materialise for local people.

Ominously, only a handful of about 800 jobs in Newcastle Business Park have so far gone to local people. Mr Balls says that this is partly because some of the incoming companies were relocating with their entire workforces.

Nevertheless, with just one exception, local people have only been able to get menial jobs with one of the park's newcomers, despite a number of well-paid white collar jobs with prospects being available. Several hundred people were interviewed but only one showed enough potential to be taken on.

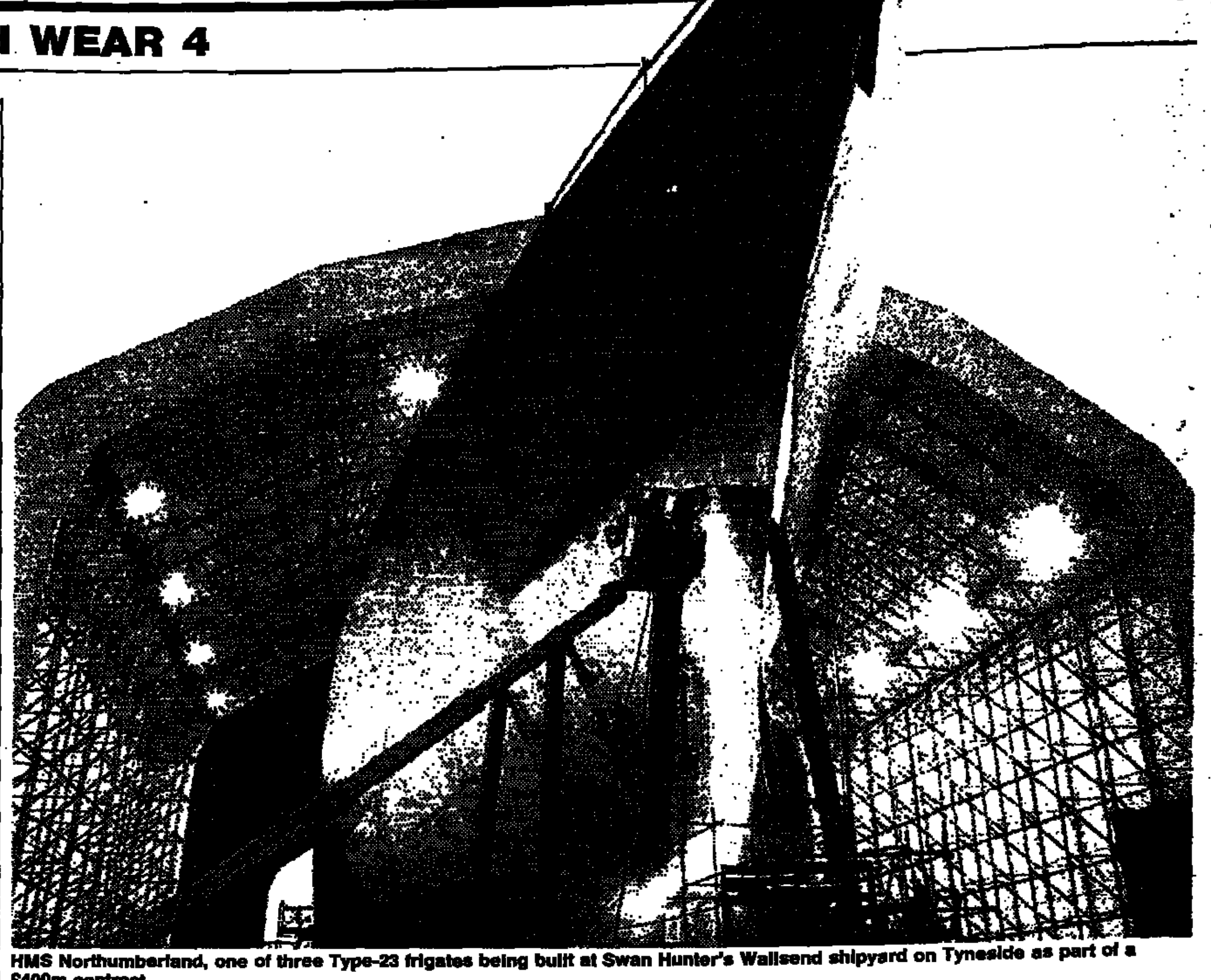
The scale of the problem is often not low levels of local skill, but none at all. The corporation is paying for "pre-recruitment training" to teach people how to fill in forms, improve literacy and numeracy, and coach them in how to dress and behave at interviews.

Attitude training is also proving important, to teach the importance of punctuality and turning up for work regularly. Some incoming companies have said they can cope with job training themselves – provided attitudes to work are right in the first place.

If they are not, Mr Balls can rightly argue this is not the corporation's fault but that of a wider society which has tolerated such levels of inner city decline in the past and the concomitant growth of an underclass.

Addressing the problem now, however, is clearly going to hinge on the corporation's community policies working. The riots could not have made that clearer.

Ian Hamilton Fazey



HMS Northumberland, one of three Type-23 frigates being built at Swan Hunter's Wallsend shipyard on Tyneside as part of a £400m contract

Ian Hamilton Fazey on the Northern Development Company

Crucial strategic connection

THE connection between Northumbrian Spring Water and Nissan may not be immediately obvious, but it is strategic and has proved crucial to the reconstruction of Tyne and Wear's economy.

The water is a local bottled brand and is what Dr John Bridge offers from the fridge in his Newcastle office to visitors who feel in need of a Perrier. Dr Bridge is chief executive of the Northern Development Company (NDC). Inward investment is his main business.

Inward investment is itself about import substitution, which in turn concerns not only large items such as cars and the factories that make them, but everything needed to make the inward investment work: labour, professional services, components, and office or canteen supplies, including bottled water. Hence the link.

Its importance, however, is that it is no accident, but the result of a deliberate policy prosecuted vigorously by the NDC. "Local sourcing is critical to developing the local economy and maximising the numbers of jobs generated by any inward investment," Dr Bridge says. "We are not just pushing sites and factories, but making sure a local supplier network is in place when inward investment comes in."

The NDC evolved from the North of England Development Council (NEDC) in the wake of Nissan's arrival. The NEDC, regional agency for the government-backed Invest in Britain Bureau (IBB), worked closely with local authorities to win Nissan. The impressive display of teamwork was one of the reasons why Nissan chose Tyne and Wear rather than competing areas where local unity was less apparent.

By 1987, the government was encouraging the formation of the NDC as the archetypal development agency it wanted

Dr John Bridge: Local sourcing is critical

to see for an English region, with core funding from the IBB to market abroad, plus additional financial support from county and borough councils and private sector subscribers.

That the experiment has worked is apparent all over a northern economic region covering Tyne and Wear, Teesside, Northumberland, Durham and Cumbria – the NDC's territory. Two strategic investments in four years – Nissan in Tyne and Wear and Fujitsu in County Durham – have been followed or accompanied by a substantial filling-in of the regional economy to service them.

The number of Japanese companies in north-east England is approaching 50. Dr Bridge puts the value of their investment at £1.7bn and 12,000 direct jobs so far. "We have our mechanism for attracting inward investment pretty well established and generating results," he says. "Now we are putting more resources into Korea and Taiwan and this is bearing fruit.

"This region needs one really strategic investment every four or five years. We had Nissan in 1986, Fujitsu in 1990. We are now looking for £500m and 1,000 jobs by about 1994."

It is the coherence of its strategic economic overview and the generally enthusiastic support for its policies from local authorities, industry and commerce that marks the NDC out from similar bodies in England.

It is not all about inward investment: the NDC encouraged a local supplier network for an indigenous and burgeoning offshore industry that has created several thousand jobs in Tyne and Wear alone. It has also pulled together local chambers of commerce and academics to produce a reasonably accurate quarterly survey of regional economic trends.

About 400 private sector companies pay as much as £200 a year each to the NDC. Sponsorship by some of them of individual events, promotions, conferences and seminars has dropped off in the recession, but the base of monetary and moral support is intact. The total budget of about £4.5m comes mainly from the government via the IBB and local authorities.

Not everything is smooth: Sunderland recently sent its own civic delegation to the Far East and a sub-committee has since concluded the NDC's regionwide, broad brush approach makes the town too passive in trying to win new jobs, so that it is not automatically included on every potential investor's shortlist.

Sunderland is therefore considering "enhancing our competitiveness by intervening more directly in the inward investment market." This looks like a breaking of the ranks that have given the north real clout in a competitive international market, but Dr Bridge is unfazed.

His experience is that working the Far East in particular is costly, requiring continuous effort by permanent staff in established offices. "If a local authority has the resources and wants to send some councillors and their wives on a trip, that's fine," he says.

Economies of scale will almost certainly decide the issue, especially since the NDC is an economy of scale in itself. For example, it has two civil servants from the Department of Trade and Industry based in Great North House, the NDC headquarters. "We are trying to make sure we all avoid duplication of effort," Dr Bridge says.

Chris Tighe takes a look at social difficulties

Sunny side up, please

THE local authority economic development officer explains his stance on Tyneside's social problems. "When you go to see companies in the South you give them a pretty positive picture of the area," he says. "But here, I would be foolish to pretend there weren't problems."

This approach to Tyne and Wear's deprived areas has been common among those who anxiously seek to attract inward investment, in a bid to ameliorate the very problems they find it delicate to discuss.

At the best of times, the area's economic regeneration bodies have been touchy about its image, thinking it too grim; too negative. September's riots in the West End of Newcastle and the Meadow Well estate in North Shields were seen when they happened as a marketing calamity, a washing of dirty linen in public.

In a sense, the riots happened at the least-worst time; the recession meant there was little inward investment to be frightened off. The view has since been promulgated locally that the "events" had no impact, that similar criminally-inspired incidents of little real significance were happening in the south but were, most unfairly, less reported than Tyneside's. Even so, any national mention of the riots still provokes unease.

The desire to present everything sunny side up is a mirror image of the tendency, in some media quarters, to treat Tyneside's deprived areas as a fascinating wen of squalor and hopelessness.

"They didn't want to hear the positive side of what we're doing," complains one woman campaigning for improvements in her area despite threats from the local criminal network which resents any challenge to its power. She remains bitter that a threat during the riots to petrol bomb her house was, briefly, a "good story" for a reporter phoning from a safe distance. She and her friends are bitter too that the rising tide of crime, harassment and quiet misery in their vandalised estate had gone largely unreported for years before.

What the riots did highlight was the extent to which some areas have become virtual ghettoes where people inhabit a different world from the far more pleasant localities where other Tyne and Wear residents live. Many of the latter have no direct contact with these grim estates, except through car crime.

Newcastle's City Challenge submission for the West End, an area of 35,200 people, says that more than 50 per cent of its 16- to 24-year-olds are jobless. The overall 23 per cent unemployment rate masks pockets of well over 50 per cent. Only 2.1 per cent of pupils at the local comprehensive obtain five or more GSCEs. Just 14.4 per cent of households are owner-occupied; only 15 per cent have a car.

In Scotswood, within the Challenge area, a tenant-led survey revealed that only 20 per cent of residents are in full-time work, and that one in four homes reported a break-in in 1991. At the Meadow Well's primary school, at the time of the riots, every pupil qualified for clothing grants.

"We took the kids to MetroLand once," says a mother of five children at Scotswood, where the streets look over the Tyne to the MetroCentre and its funfair. "We couldn't afford for them to go on any of the rides; it was so disappointing."

Her 17-year-old son has become involved in car crime. "I lost him to the street culture," she says. She told the police of his activities and suffered severe harassment from local youths for "grassing". Although still nervous of going out even by day she is actively involved in the Scotswood strategy steering group, working with the local authority to improve the area. "The reason we're fighting is for our kids," she says. "With the three younger ones I tell them the world out there is a bad world."

In the 1980s, Tyneside was dealt the full pack of government urban initiatives, most designed to stimulate the economy by investment in bricks and mortar. But long before the 1991 riots, recognition was

Developing a community village concept

growing that the trickle-down effect was insufficient to tackle the scale of problems in deprived areas. It had also become apparent that spending money on the physical fabric was not on its own a solution.

A consensus has emerged, among bodies ranging from the TWDC and Labour party-controlled local authorities to the groups of tenants – mostly women – who are fighting for a better future, that progress can be made only if local people have an active, leading role in improving their areas. "It's less top down and more bottom up," says regional DTI director Pamela Denham. "Empowering people is the word."

Among the places where this theory is being tested is the Meadow Well, now focus of a multi-agency initiative. A group of committed residents is developing a community village concept, running in tandem with other projects. There is also the start of a return to policing on foot and Mr John Stevens, Northumbria's new Chief Constable, is bringing a fresh mind to tackling crime.

One of the most influential experiments, begun in the late 80s, is the Cruddas Park Initiative. Led by the private-sector Newcastle Initiative it has focused the efforts of government departments, private companies, the city council and residents on a small deprived area. It has transformed some local people's lives by giving them a sense of achievement, a job and an income.

This partnership concept is the nub of City Challenge, the new scheme of Mr Michael Heseltine, Environment Secretary. "The great advantage we have in Newcastle is that the learning curve is already in place; a lot of people have been working at this for a number of years," says Mr Jonathan Blackie, its City Challenge director.

All five Tyne and Wear councils are eligible to apply for the next round of Challenge funding; all will. They hope to apply the lessons of Cruddas Park and many other initiatives focused, in some cases for a decade, on problem estates dotted throughout Tyne and Wear.

But is the private sector sufficiently big, and willing, to get deeply enough involved in so many places? And will City Challenge be swimming against the tide as local authority cuts mean pruned budgets for education, probably the most important initiative of all?

Considerable efforts are being made to increase the involvement of business with schools; the Tyneside TEC is spending £4m on business and education partnerships.

Training, too, is central to many local initiatives. Among Newcastle City Challenge's top priorities, for example, is the creation of a £1m multi-agency training centre in the West End. Throughout Tyne and Wear the TECs are involved in efforts to bring residents back into the labour market. Pre-training courses, some linked directly to job opportunities, are springing up to help those long out of the habit of work, or never in it, to reach the stage of competing effectively for employment.

"The important thing is that people are trained for real jobs," says Pamela Denham. But are there going to be jobs for many of Tyne and Wear's 64,000 unemployed as the demand for unskilled labour dwindles?

"There's no jobs to be had outside self-employment," says Colin Lamb,33, of Newcastle, jobless seven years. Mr Lamb had a business idea – a board game he developed on the unemployment theme, called On Your Bike. He presented a copy to Mr Norman Tebbit, there was a flurry of publicity, then the slow discovery he could not break into the games market.

Despite his spent savings and a marriage broken by the strain, Mr Lamb, now living on £39 a week of state benefits, is glad he tried. He firmly believes his game is a winner but he does not think he is.

"It's the educated people who are working," he says. "I did Employment Training and it was an utter waste of time." He was sent on another training course, got to the gate and turned away. "I just knew it wasn't going to get me anywhere. You lose heart."

Ian Hamilton Fazey on industry

Tide is coming in

JUDGED by the number of quoted companies with their headquarters in north-east England, Tyne and Wear's economy could be thought to be going backwards. There are only 25 – and only 10 of these are survivors from 1982, when there were seven more in total.

Moreover, an analysis by Price Waterhouse, the accountants, shows that the top five by turnover – Northumbrian Water, Northern Electric, Barratt, Vaux and Cowie – accounted for 75 per cent of turnover and 59 per cent of employees.

On the face of it, this is not good news: the best regional economies have a wide mix of locally-headquartered companies by size and type. West Yorkshire, for example has about 80.

But the nature of the "quoteds" does not tell the story – any more than the depth of water at half-tide tells whether the sea is coming in or going out. In Tyne and Wear, a sea change has occurred in the past 12 years and the tide is now quite obviously coming in.

There is even evidence in the numbers of quoted companies, for the shares of six of them are quoted on the Unlisted Securities Market, the way to go public for medium-sized or smaller companies with potential for growth.

Other evidence can be found at Price Waterhouse's Newcastle office block in the shape of the practice itself. As Mr Bill Teasdale, a partner through 12 years of change, puts it: "In 1980 we had a typical audit-based practice with 100 people. Tyneside had a very narrow economic base."

Price Waterhouse now has nearly 250 people in Newcastle and 19 local partners, compared with six partners 10 years ago. There is still an insolvency department, but it has not grown further. The firm has a small but busy corporate finance section. Other accountancy practices in Newcastle, such as KPMG Peat Marwick's, have also grown and become much more pro-active.

Wise Speke, the region's biggest stockbroker, has become a strong exporter from the region of financial services to corporate clients – notably competitively-priced share dealing and related counselling and advisory services for employees.

It was bought by the London-based Sturge group in 1987 but is master of its northern destiny with 130 of its 230 staff in Newcastle – up a third in five years – as it has developed from its strong private

Tyneside is also surviving the peace dividend

client base into niche corporate markets.

Growth in financial and professional services does not come out of thin air. Local demand has been growing.

Mr David Williams, who heads the Newcastle office of 3i, the investment capital provider, says: "In the five years to March 1991 we invested £60m in northern business, much of it on Tyneside. It has been growth rather than buy-outs, which have never been a strong business here.

"I feel more optimistic now than for some time. Nearly all our investments are healthy. Most are not at full capacity because of the recession, but they are not in distress. Since September 1990 our failures have been less than 2 per cent in numbers and less than 1 per cent in terms of our total investment in about 200 companies. The fact that 3i has such a healthy business is evidence of local strength. It also reflects that many people here had a big dose of reality in the early 1980s. They are better managers now and plan their businesses well."

While this suggests a strengthening diversification at the smaller end of the industrial and commercial spectrum, Tyne and Wear nevertheless needs healthy big businesses to provide the main economic building blocks.

Evidence of health is also strong here, in spite of recent job losses because of recession in some sectors.

Press Offshore, soon to be renamed Amec Offshore, currently has a £300m order book. On Agip's Tiffany contract, said to be the biggest single turnkey project in offshore construction history, it is the lead contractor.

Because of the contract's tight timescale, Press is dovetailing work on the engineering, construction and hook-up phases, an innovation which it hopes will give it an edge in competition for future orders.

Pallion Engineering – an unusual combination of Anglo-Greek investors, former shipyard shop stewards, businessmen, Mr Bob Clay, the left-wing Labour party MP for Sunderland North, and the Church of England – announced in December it had clinched its first contract: steel fabrication work for a flue gas desulphurisation project.

The consortium fought for more than two years to prevent the demolition of Sunderland's last shipyards and create new demand for local shipyard workers' skills. It bought the former Pallion shipyard from British Shipbuilders in mid-1991 for £2m.

One reason why numbers of "local quoteds" declined was the merger into the Rolls-Royce group of NEI, now renamed the Rolls-Royce Industrial Power Group. Management by Mr Terry Harrison is as local as ever and 7,500 Tyne and Wear employees are a considerable source of local spending power.

Mr Gerry James, spokesman for the business, says: "Unless recession is truly international, it doesn't have much effect on us. We help to insulate the regional Tyne and Wear economy because most of our sales are exported."

Tyneside is also surviving the peace dividend. Swan Hunter has several years' work and is employing 3,900 people at present, while the 850-strong workforce of Vickers Defence Systems have five years' work for battle tanks and recovery and infantry combat vehicles – and a successful Gulf war to prove to export markets that its products do the job.

Of long-term significance, however, is that investment levels have been kept up by such mainstays of the local economy, with the former NEI, Vickers and Swan Hunter companies channelling resources into high technology to stay competitive.

COMMODITIES AND AGRICULTURE

Oil recovery in Kuwait runs ahead of target

By Mark Nicholson in Kuwait City

KUWAIT WILL be producing 920,000 barrels of oil a day by the end of the second quarter of this year and averaging more than 1m b/d in the third quarter, Mr Homoud al Rqobah, the oil minister, said yesterday.

The minister, just returned from the Geneva ministerial meeting of the Organisation of Petroleum Exporting Countries, said output was reviving at a monthly rate of 70,000 to 80,000 b/d, well above an earlier target of 50,000 b/d a month.

More than 120 wells, out of the emirate's 1,080, are back in production and 28 have already been re-drilled in the southern fields. The oil ministry has set a target of 100 newly-drilled wells by June and estimates that 65 per cent of the 727 wells ignited by the departing Iraqis may be reparable at the well head.

Mr Rqobah said Kuwait's output share of 812,000 b/d under the Opec ceiling of 22.9m b/d agreed in Geneva represented an average of expected output for the second quarter. Production, including Kuwait's share of output from the joint Saudi Arabia-Kuwait neutral zone, will be 710,000 b/d by next month.

The minister portrayed the Geneva agreement as a modest, if not entirely satisfactory achievement. "Any agreement is better than no agreement," he said; "22.9m b/d is not really the best, but good enough."

He said the deal would offer only limited support to prices in the second quarter, and predicted a still more difficult Opec summit when ministers meet again in May to consider an output ceiling for the third quarter. By then, he said, Kuwait would be pumping 1.07m b/d and on target to meet its pre-war Opec quota level of 1.5m b/d by the year's end.

Thereafter, Mr Rqobah said, Kuwait could press for an increased share of Opec output to help recoup lost revenues. "If there is an increment in the Opec ceiling, we should have an increment of that," he said.

The minister also said that Kuwait would very shortly award the management contract for repairs to the country's three refineries, Mina al-Ahmadi, Mina Abdullah and Shuaiba, the shortlist for which includes Foster Wheeler, Fluor Daniel and Brown & Root of the US. Present working capacity is 270,000 b/d, and Mr Rqobah said this will be restored to 650,000 b/d by next year – about 80,000 b/d short of pre-invasion capacity.

Russia 'giving cover for LME squeeze'

By Kenneth Gooding, Mining Correspondent

TRADERS WERE using confusion over Russian metal exports as a cover to squeeze the London Metal Exchange aluminium and nickel markets, some analysts suggested yesterday. This was after the LME nickel price jumped to its highest level for six months while aluminium edged up to a seven-month peak.

"This is crazy. There is no reason for prices to be at this level," said Mr Robin Bhar, analyst with Carr Kitkat & Aitken, part of the Banque Indosuez group. He said metal consumers were staying out of the market and, with more than 1m tonnes of aluminium and 17,000 tonnes of nickel in LME stocks, "no-one could claim there were shortages."

Mr Bhar pointed out that the contango (premium for three-month over cash metal) for aluminium and nickel had narrowed sharply. He added: "The LME should nip this potential technical squeeze in the bud".

Meanwhile, traders said the Russian government, under pressure from producers, had cut the new export duty on metals from about 500 to 290 European currency units (£206) a tonne. Metal sold for funds to buy essential raw materials might be entirely exempt from duty.

This would help Russian aluminium exporters, it was suggested, because much of their metal was sold to purchase raw materials. However, nickel was sold mainly for foreign currency and producers were having difficulty. Reuter reported Raznoimport, the Russian trading company, as saying that Russian commercial banks were prepared to finance pre-payments of nickel export duties but wanted to charge 60 per cent annual interest.

Fund buying lifted three-month nickel prices to $8,245 a tonne at one stage yesterday. By the close it had slipped to $8,207, up $52.50 from Friday, while cash nickel was up $165 to $8,195. Three-month aluminium reached $1,340 a tonne before closing at $1,322.50, up $11. Cash aluminium ended at $1,297, up $9.50.

Scotland's salmon farmers lift output 25%

By James Buxton, Scottish Correspondent

THE SCOTTISH salmon farming industry, which last year suffered from low prices and experienced several bankruptcies, increased its output during the year by 25 per cent to 40,600 tonnes of salmon. However production this year is expected to be static or decline by up to 7 per cent.

The scale of the production increase, revealed by the Scottish Office, surprised farmers gathered in Glasgow for the annual Scottish fish farm conference and exhibition.

The salmon farmers were also digesting last week's announcement by the Unilever, UK-Dutch food and consumer products group, that it wants to sell its subsidiary Marine Harvest, the largest salmon producer in Scotland, accounting for nearly a quarter of production.

Salmon prices were low last year mainly because of overproduction and dumping in the EC market by Norway, which produces four times as much as Scotland. Because salmon farming operates with a three-year production cycle farmers cannot adjust production to market conditions.

Last November the EC imposed a minimum price on imports from Norway, and Norway took steps to reduce its surplus. Aquastar, a seafood subsidiary of British Petroleum, agreed to dispose of 32,000 tonnes of frozen salmon in markets outside the EC, Japan and the US.

With both Norway and Scotland reducing the number of smolts (young salmon) being transferred to cages in the sea for maturing salmon prices are expected to recover over the next year. Mr Donald MacRae of TSB Bank Scotland told the conference that whereas in 1991 world supply of farmed salmon had outrun demand by 44,000 tonnes, this year there would be a shortfall of 13,000 tonnes, rising to 64,000 tonnes by 1995.

The announcement of the sale of Marine Harvest surprised many people in the Scottish fish farming industry. The company was a pioneer of salmon farming in Scotland and Unilever's decision to pull out made some farmers question whether the industry had good long term future.

Mr David McCarthy, Marine Harvest's chairman, said that Unilever was selling the company along with other agribusiness interests to concentrate on core activities.

Marine Harvest lost £15m in 1990 but its financial performnce improved sharply last year with lower fish mortality and improved environmental management.

Little to laugh about in UK agriculture

At last week's NFU annual meeting farmers were not in the mood for jokes

FARMER'S VIEWPOINT

By David Richardson

JOKES WERE few and far between at the annual general meeting of the National Farmers' Union in London last week. The 600 to 700 delegates representing the farmers of England and Wales were too preoccupied with the sorry state of their industry for there to be much humour.

Indeed, in case there were any doubts about the extent of the problems, they were spelled out early on in the proceedings by Mr David Naish, the union's president. The long-term decline in farm incomes, he said, had now led to a situation where 35 people were leaving the land in Britain each day, that is 12,000 a year. This could not go on, he concluded.

Nevertheless, there were lighter moments at the meeting. One came during a debate on the need for better marketing of farm produce. The NFU had, in fact, launched a new initiative entitled Food from the Countryside late last year to encourage and assist farmers who were prepared to enter into collaborative ventures (co-operative is a dirty word in farm circles these days because there have been so many business failures in the sector) to market their produce to the supermarkets.

Commenting on the logo adopted for the scheme, which dominated the stage at Kensington Town Hall, where the meeting was held, one delegate thought the stylised farmyard, the cattle on the meadow and the clear blue sky, were a bit idealistic. But he was particularly concerned with the three birds flying above the farm buildings.

"They may look like crows," he said, "but I have to tell you they are vultures. One is called MacSharry [the European Community's agriculture commissioner], another is called Gummer [the UK agriculture minister] and the third is called Sainsbury [Britain's leading supermarket chain]."

It got a raucous laugh, reflecting the love-hate relationship between farmers and both politicians and supermarkets, whose combined activities seem to shape their lives; activities over which they feel they have little or no control.

But the president was not so amused. He had wisely decided not to whinge and he found the comment about vultures negative. What was needed, he said, was a fair settlement of the Urugnay Round of the General Agreement on Tariffs and Trade and a non-discriminatory reform of the EC's common agricultural policy. Once those two elements were in place, efficient British farmers would be able to hold their own against any legitimate competition and better marketing would be one of the keys to their success.

What he implied was that instead of calling the supermarkets rude names, farmers would do better to find ways of sharing in their prosperity. To achieve that, it was necessary for producers to group together to provide the enormous quantities and high quality that the supermarkets demanded.

Few individual farmers, whose businesses were tiny in comparison with the multiples, could hope to go it alone. Some sort of joint venture involving the supermarkets was essential.

Then came the second joke. It was the one about the hen and the pig who met to discuss the joint promotion of the great British breakfast. As the talks progressed, the pig began to have doubts. It gradually became clear to him that while the hen might do well out of their partnership, his commitment would be total and final. Too often, said that speaker, the farmers' role in joint marketing initiatives was analogous with that of the pig.

Furthermore, there were real fears that British food producers might be at an unfair disadvantage when it came to competing with imports. Even the prime minister, who made a surprise visit to the meeting, confessed himself unsure if the same levels of safety and standards of animal welfare that could be guaranteed for British farm production could honestly be given for food coming from abroad.

The point was taken up again during a party political forum in which agriculture spokesmen for the Conservatives, the Labour Party and the Liberal Democrats explained their policies for farming in advance of the Election. Mr David Curry, minister of state for agriculture, accepted the proposition that the standards imposed in the UK may be higher than those in force in some other EC countries. "However, EC legislation means that we cannot ban European food coming to Britain."

Ms Sue MacGregor, presenter of the BBC's Today radio programme, who chaired the forum as a consumer of food, was visibly shocked at the admission and the minister tried to allay her fears by saying that his ministry officials monitored quite a lot of it and that if any were found to contain chemical residues or bacteria harmful to health it would be refused entry. Ms MacGregor did not appear totally convinced.

All of which seemed to add weight to the growing arguments for more British food to be home produced. At present, UK farmers supply some 70 per cent of the food that can be produced in the British climate and there is a food trade gap of about £6bn.

Reducing that gap would clearly be good for the balance of payments
and the supermarkets have expressed themselves keen to move further in that direction. But not all the way. Mr Tom Vyner, joint managing director of Sainsbury's, made it clear to the meeting that "the purchase of foods from abroad is part of a competitive process. It is skilful buying that keeps down prices. . . and that plays a cardinal role in our trading policy".

On my way back to Norfolk on the train, I read in a farming magazine that one of Mr Vyner's competitors, Tesco, had already demonstrated its commitment to competitive buying by purchasing Irish and New Zealand lamb. Since the EC variable premium ended in December, British open market lambs are too dear, a spokesman is quoted as saying, "so we have to look elsewhere".

So, after extolling the virtues of fresh English lamb for the last few years, an excellent example of marketing and adding value, Tesco has apparently abandoned the quality image in favour of selling at the lowest price. Doubtless, all the other supermarkets will be forced to follow suit or risk losing sales, and UK sheep farmers' returns will presumably once again fall into loss.

It is hardly surprising, then, that some farmers are a little cynical about the current rash of official recommendations to enter into long-term arrangements with one another and the big buyers in order to improve their marketing in the face of disappearing guarantees from Brussels. They feel that the forces ranged against them are so strong and so prone to change the rules at short notice that those jokes they crack about their plight are not even meant to be funny – merely ironic.

Aborigines fail to block A$500m iron ore project

By Emilia Tagaza in Canberra

THE AUSTRALIAN Federal Government has removed one of the major barriers to the A$500m (US$375m) iron ore project of the CRA subsidiary, Hamersley Iron, at Marandoo, in Western Australia.

The government has rejected an application by the Karinji aboriginal tribe to block the project under the federal Aboriginal Heritage Protection Act.

Mr Robert Tickner, the federal minister for aboriginal affairs, said he was not satisfied that the mining project was a serious threat to aboriginal heritage, as required by the Act.

Hamersley Iron will now have to pass the state environmental regulations of Western Australia before the project can finally proceed. A company official yesterday said the decision was due in 20 weeks and that he was optimistic that the project would get the state government's approval.

Mr Tickner's decision is the latest in a series of recent moves that seem to indicate the government's desire to offset the negative effects of its blocking of the Coronation Hill gold and platinum mine in June last year.

Late last year, Mr Tickner declined to use the Aboriginal Heritage Act to block Dominion Mining's A$350m nickel project at Yakabindie, also in Western Australia. However, the project is still delayed by an appeal against the state government's approval lodged by aboriginal groups with the Western Australian Supreme Court.

The Coronation Hill ban had reduced industry confidence in Australian mining investments, with local companies threatening to shift substantial exploration budgets overseas.

Last week, the Coronation Hill joint venturers, led by New Crest Mining, filed a High Court action challenging the validity of the government plan.

World sugar market 'at the crossroads'

By David Blackwell

THE WORLD sugar market is at the crossroads, forcing many producers to review their sugar policies in the light of changing international trade patterns, the Gatt, and other trade liberalisation issues, according to the latest sugar report from E.D. & F. Man, the London trade house.

Should the Gatt talks be successful, cuts in support mechanisms by 1999 "should accelerate the fall in the EC's net exports as marginal producers fail to cover their average production costs. The same argument applies to some of the high cost/less efficient producers in the US".

This will open up new opportunities for many producers in Africa and the Caribbean, but they will need to examine their long term cost structure and efficiency. Man points out that under preferential access to the US and EC markets their production costs and efficiency deteriorated to the extent that some have failed even to meet their quota allocations.

The increase in international trade will not, however, increase the transparency of the market. The uncertainty of Russia's effective imports, Cuba's exports and the pattern of trade elsewhere in eastern Europe have "turned the clock back some 40 years to a time when information about import demand and export availabiltiy was lacking".

Meanwhile sugar prices – which recently fell below 8 cents a lb – are expected to come under further pressure as exportable surpluses come on to the market from Brazil, Cuba, Thailand and the EC.

International rubber agreement 'at risk'

THE INTERNATIONAL rubber agreement has been put at risk by the failure to agree a cut in price support levels, the Economist Intelligence Unit says, writes David Blackwell.

One of the strengths of the agreement, which operates through a buffer stock, has been that it confines itself to price stabilisation and does not try to give long term support to prices – a commitment which has brought about the collapse of most international commodity agreements to date, the EIU says in its latest World Commodity Forecasts.

Producers are understandably dismayed at the low level of prices, which have fallen "almost to the 170.6 cents a kilo of the 1985 disaster year in current terms and well below it in real value." But if the buffer stock is taken up to the maximum level of 550,000 tonnes while there is still no upturn in demand in sight, the agreement and the buffer stock could be threatened, together with a more serious collapse of natural rubber prices.

WORLD COMMODITIES PRICES

MARKET REPORT

London robusta coffee prices sank to contract lows. Dealers said possible fund selling added to the pressure on an over-supplied market. London cocoa prices fell as Ivory Coast arrivals continued to be higher than previously forecast. News that an international cocoa agreement based on a withholding system was to be formally proposed by consumers at the ICCO talks had no apparent impact. London's freight futures market moved into free fall in afternoon trading after a limit fall of 50 points in the morning. A 16-point fall in the Baltic Freight Index to 1,299 sent further bearish signals.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.95-5.00	-.775
Brent Blend (dated)	$17.55-7.65w	-1.025
Brent Blend (Apr)	$17.50-7.55	-.925
W.T.I. (1 pm est)	N/A	

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$204-206	-2
Gas Oil	$164-165	-6
Heavy Fuel Oil	$64-65	-1
Naphtha	$181-183	-6

Petroleum Argus Estimates.

Other		+ or -
Gold (per troy oz)♣	$354.50	+0.50
Silver (per troy oz)♣	416.0c	-2.0
Platinum (per troy oz)	$362.40	-2.85
Palladium (per troy oz)	$86.10	+0.30
Copper (US Producer)	108.16c	+0.66
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.38r	-0.02
Tin (New York)	261.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	106.89p	-0.82*
Sheep (live weight)†♣	100.63p	-1.00*
Pigs (live weight)†	95.32p	-0.32*
London daily sugar (raw)	$198.30y	+1.20
London daily sugar (white)	$260.0y	+3.0
Tate and Lyle export price	£218.5	+0.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£147	
Wheat (US Dark Northern)	Unq.	
Rubber (Mar)♥	50.80p	
Rubber (Apr)♥	50.25p	
Rubber (KL RSS No 1 Feb)	210.0m	-2.5
Coconut oil (Philippines)§	$705y	-20
Palm Oil (Malaysian)§	$305	
Copra (Philippines)§	$482.5y	
Soyabeans (US)	£147.5	+0.5
Cotton "A" index	56.60c	+0.10
Wooltops (64s Super)	455p	+3

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb w-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 47,599 lots
Cash	1296.5-7.5	1287-88	1305/1304	1305-5.5		
3 months	1322-3	1311-12	1340/1314	1322-3	1317-8	148,873 lots
Copper, Grade A (£ per tonne)						Total daily turnover 28,683 lots
Cash	1243.5-4	1253.5-4.5	1245/1244	1245-4.5		
3 months	1271-72	1278-8.5	1275/1270	1272-2.5	1271-1.5	122,499 lots
Lead (£ per tonne)						Total daily turnover 4,868 lots
Cash	277.5-9.5	281.5-82.5		278.5-9		
3 months	289-91	293-3.5	293/290	290.5-1	289.5-90	16,099 lots
Nickel ($ per tonne)						Total daily turnover 5,184 lots
Cash	8190-200	8025-35	8210	8210-20		
3 months	8205-10	8050-60	8245/8025	8225-35	8225-30	23,782 lots
Tin ($ per tonne)						Total daily turnover 1,645 lots
Cash	5665-70	5635-45		5620-5		
3 months	5705-10	5670-80	5715/5670	5670-5	5705-10	5,567 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 20,827 lots
Cash	1113.5-4.5	1125-26	1115/1114	1114-4.5		
3 months	1133.5-4	1139-40	1140/1133	1133-4	1133-4	44,199 lots

LME Closing £/$ rate: SPOT: 1.7740 3 months: 1.7482 6 months: 1.7238 9 months: 1.7028

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	177.80	178.00	178.00 177.80
May	179.20	178.80	178.80 178.00
Aug	185.60	185.60	185.60
Oct	186.60	186.00	186.00
Mar	188.00		187.00
White	**Close**	**Previous**	**High/Low**
May	265.5	263.0	263.0 262.0
Aug	270.0	268.0	267.5
Aug	272.0		262.0

Turnover: Raw 84 (317) lots of 50 tonnes. White 186 (1142)
Paris- White (FFr per tonne): Mar 1485.70 May 1513.13

CRUDE OIL – IPE ($/barrel)

	Close	Previous	High/Low
Apr	17.55	18.43	17.80 17.49
May	17.55	18.38	17.78 17.49
Jun	17.53	18.30	17.66 17.48
Jul	17.45	18.30	17.60 17.45
Sep	17.55	18.30	17.55
Oct	17.80		17.80
IPE Index	18.53	18.48	

Turnover 16682 (19239)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Mar	162.25	166.75	163.00 160.00
Apr	160.25	165.50	162.00 159.25
May	159.00	165.25	160.75 158.25
Jun	160.25	166.50	161.75 159.75
Jul	163.00	168.50	164.00 162.00
Aug	164.50	170.50	165.25 163.75
Sep	166.50	172.50	167.50 165.75
Oct	169.00	174.50	169.50 168.00
Nov	170.25		170.50 170.00

Turnover 15828 (8733) lots of 100 tonnes

TEA

There were 17,827 packages for the day, reports the Tea Brokers' Association. There was a much better demand for both landed and offshore teas. Brighter east Africans met good competition and closed 5-10p up. Medium and lesser sorts were also well supported with prices firm to 4p higher. Brighter Ceylons again advanced.Offshore: a strong demand prevailed. East Africans were 4-8p dearer, while central African and Mauritius teas saw much improved enquiry at firm to dearer rates. The highest price realised this week was 165p for a Rwanda pf.1. Quotations: quality 150p, good medium 110p, medium 90p, low medium 78p.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	662	669	671 661
May	693	698	701 689
Jul	721	727	730 720
Sep	745	750	753 744
Dec	779	787	786 780
Mar	811	817	818 812
May	831	837	833
Sep	868	874	871

Turnover: 1944 (4183) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb.14 831.01 (821.60) 10 day average for Feb.17 855.10 (863.03)

COFFEE – London FOX ($/tonne)

	Close	Previous	High/Low
Mar	841	859	859 840
May	874	888	891 874
Jul	901	915	908 901
Sep	928	936	936
Nov	952	958	960 960
Jan	980	981	980
Mar	1000		1000

Turnover:1212 (5277) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb. 14: Comp. daily 56.93 (57.02) 15 day average 57.10 (57.31)
Sterling close: March £475

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	119.0	119.5	119.0 118.5
May	137.8	138.9	138.8 138.0

Turnover 84 (41) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	127.00		127.00 126.50
Jun	121.00	122.00	121.00
Aug	122.50	123.50	122.50

Turnover 325 (10) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Feb	1252	1285	1285 1250
Mar	1278	1344	1310 1275
Apr	1290	1365	1357 1290
Jul	1112	1180	1140 1110
Oct	1263	1310	1260
BFI	1299	1315	

Turnover 502 (447)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
Mar	123.35	124.10	123.80 123.15
May	127.25	127.75	127.30 126.95
Jun	128.90	129.60	129.10 128.75
Nov	114.80	114.85	114.80
Barley	**Close**	**Previous**	**High/Low**
Mar	116.40	116.65	

Turnover: Wheat 587 (459), Barley 0 (49).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Mar	121.0		120.0
Jun	115.0	117.0	115.0
Jul	109.0		109.0
Sep	109.0		109.0

Turnover:17 (10) lots of 3,250 kg

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	354.30-354.70	
Opening	354.10-354.50	
Morning fix	354.20	199.269
Afternoon fix	354.35	198.694
Day's high	354.50-354.80	
Day's low	354.30-354.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.48	6 months	3.48
2 months	3.48	12 months	3.47
3 months	3.48		

Silver fix	p/fine oz	US cts equiv
Spot	233.75	415.25
3 months	239.55	419.25
6 months	245.40	423.60
12 months	256.80	433.40

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	354.50-355.50	199.75-200.25
Maple leaf	365.50-366.60	206.00-206.60
New Sovereign	87.00-88.00	49.00-49.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Apr	Jul	Apr	Jul
1200	120	149	7	17
1300	60	83	38	49
1400	14	40	99	103
Copper (Grade A)	**Calls**		**Puts**	
2150	82	101	11	34
2250	24	49	82	80
2350	4	20	131	149
Coffee	**Mar**		**Mar**	
450	24			
500			26	
550			76	
Cocoa	**Mar**	**May**	**Mar**	**May**
650	14	52	2	9
675	2	35	15	17
700		22	38	29
Brent Crude	**Apr**	**May**	**Apr**	**May**
1800	32		39	
1850	18	29	47	
1900	7	18	89	

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb.17	Feb.14	mnth ago	yr ago
1584.8	1581.8	1605.3	16975.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb.14	Feb.13	mnth ago	yr ago
Spot	119.24	119.05	114.88	123.88
Futures	121.96	121.84	122.61	128.27

Uzbekistan cottons on to marketing opportunities

Gillian Tett on a farm sector that is looking forward to reaping the benefits of the break from centralised control

BACK IN the pre-putsch days of the Soviet Union, the word cotton used to sum up everything that Uzbekistan felt was wrong about its relationship with Moscow.

Cotton, Uzbeks claimed, was not only responsible for the region's disastrous ecological problems – most notably the drying up of the huge Aral Sea because of over intensive cotton monoculture – but also the source of Uzbekistan's poverty. Under the old system of centralised planning, Uzbekistan's rich cotton crop was almost entirely controlled from Moscow, where the central authorities decided how much cotton would be planted, where it would be sold and at what prices.

US markets were closed yesterday for Presidents' Day

But now change is afoot. In the wake of its August independence declaration, Uzbekistan has seized control of its cotton production and is already laying plans to sally forth into the international export markets.

Uzbekistan currently produces two thirds of the overall cotton crop of the former Soviet Union, or 5m tonnes of raw fibre a year. Under the old centralised system, less than 10 per cent of Uzbekistan's cotton was actually spun and woven in the republic, the bulk of it being sent to textile mills elsewhere, notably Russia.

Similarly, although the Soviet Union had previously exported between 500,000 and 750,000 tonnes of cotton a year, very little of the hard currency profit found its way back to Uzbekistan.

Now, however, the Uzbeks are determined to control their cotton exports themselves. "We intend to trade cotton like any normal country, for the good of Uzbekistan," explains Mr Anvar Makhmudov, chairman of the Uzbek government's economic committee.

Uzbek economists refuse to reveal at the moment how much cotton they actually plan to export this year – or indeed how much they are already selling abroad – for fear of depressing world cotton prices.

But nevertheless, the leadership is now buzzing with a host of cotton-based schemes designed to boost the Uzbek economy and allow the republic to develop its own textile production.

Raw cotton is being offered – along with Uzbekistan's gold – as a guarantee for foreign investors wishing to invest in Uzbekistan. Although this has been conducted on an ad hoc basis so far, an American-Soviet joint venture, Sibir, which is itself now trading in cotton, is currently working with the Central Uzbek Bank to establish a full legal framework for this, according to Mr Victor Fishman, Sibir's Tashkent-based director.

The Uzbek government also has plans to start trading on international commodity exchanges, such as the Liverpool exchange, in addition to the direct barter deals that are already being arranged to bring in a limited supply of technology, consumer goods and badly-needed grain into the republic.

According to Mr Makhmudov, deals have already been signed with Hungarian and other East European countries to exchange an undisclosed quantity of cotton for nearly 2m tonnes of grain before the end of the year. With the breakdown of inter-republic trade links and the poor soviet grain harvest, supplies of grain to Uzbekistan from Russia and the Ukraine have fallen dramatically.

"We look on our cotton as a strategic reserve which we can use to bring essential products into Uzbekistan," says Mr Safayev, who says that he hopes that cotton will provide one of the main bargaining chips in Uzbekistan's negotiations with Russia – not least because of the large number of Russians employed in Russia's textile factories, which have previously depended on supplies of Central Asian cotton.

But in spite of all these plans, so far relatively little seems to have changed for the cotton farmers themselves.

The Uzbek government says that it intends to privatise limited quantities of land and – somewhat unrealistically – reduce the land under cotton cultivation from 70 per cent to 40 per cent of the arable land. They intend to replace it with grain and vegetable cultivation, to reduce the disastrous ecological effects of the previous cotton monoculture.

But, so far, nearly all cotton cultivation remains in the hands of the collective and state farms, who are working, as before, to a fixed cotton plan – now determined not by Moscow, but instead by the government in Tashkent. Under one set of the frequently changing regulations, the farms are forced to sell 95 per cent of their planned cotton to the state, at a fixed price that is still considerably lower than world market prices. The remaining 5 per cent, along with any cotton is harvested in excess of the plan, can be sold freely, either through direct barter deals with enterprises in other soviet republics to obtain scarce consumer goods, or on the new commodity exchanges that have recently been set up in Tashkent to deal in cotton.

As the cotton prices on these exchanges are up to three times higher than the official government prices, it seems that many farms have been increasingly resisting the Tashkent government's state orders and quietly selling a growing proportion of their cotton on these exchanges and through direct barter deals with enterprise in other Soviet republics.

Similar checks exist on the export of cotton. Individual farms can only sell their cotton abroad through the official, Uzbek government-backed, cotton trading associations. According to one set of regulations, for example, any cotton export deal over 1,000 tonnes has to be endorsed by the Uzbek president himself.

"It still takes a long time to get cotton out – and it's virtually impossible without good government connections," commented a foreign cotton dealer in Tashkent.

LONDON STOCK EXCHANGE

Futures provide the lead for equities

By Terry Byland, UK Stock Market Editor

WITH WORLD stock markets providing no clear lead, the London equity sector was left yesterday to juggle with the chances of developments in interest rates and electoral prospects at home. However, hopes of early reductions in domestic base rates, encouraged by the UK press at the weekend, found no support either from sterling's progress or from the Bank of England's actions on the London money market.

An advance in the stock market towards the close, in spite of the absence of Wall Street, which was closed yesterday, reflected a strong rise in the futures market, which caught the equity marketmakers short of stock in the underlying blue chip issues.

The gain of 27.1 on the day took the FT-SE Index to 2,541.0, bringing the 2,500 mark into the market's sights once again.

Account Dealing Dates		
*First Dealings:		
Feb 10	Feb 24	Mar 9
Option Declarations:		
Feb 20	Mar 5	Mar 19
Last Dealings:		
Feb 21	Mar 6	Mar 20
Account Day:		
Mar 2	Mar 16	Mar 30

*New-time dealings may take place from 8.30 am two business days earlier.

UK public opinion polls continued to show that the ratings of the two main political parties are close together, while the latest hints from political circles merely underlined expectations in the City that the UK general election will be held early in April.

A glimmer of optimism came from a survey of the distributive trades by the Confederation of British Industry (CBI), which suggested a rise in sales volumes. The survey supported the view of Mr Norman Lamont, the UK chancellor of the exchequer, that a consumer spending boom is about to rescue the UK economy.

Share prices opened uncertainly, however, and it was not until the stock index markets came in on a firm note that the underlying stock market moved ahead. A good premium on the March futures contract of the FT-SE Index was soon reflected in a gain of 18.4 for the index itself, which touched 2,532.3 at mid-morning.

But trading volume, already forshadowing the absence of a lead from Wall Street, was painfully thin and share prices could not sustain their early gains, at least for a while.

The late upswing increased the day's Seaq volume, which totalled 465.5m shares against the 593.1m of the previous session. Friday's total represented £1.2bn in genuine customer, or retail, business, a significant increase over the daily values of the past week.

There was further selling of BP shares, as the analysts continued to react negatively to last week's trading statement. The stores sector responded well to the CBI survey, although share volume was moderate. GUS, notably a thinly traded share, stood out strongly, and Marks and Spencer and Kingfisher reacted positively to the hope of increased sales in the high streets of Britain.

The strongest gains came among the blue chip internationals, which benefited both from the strength of the Footsie futures contract and the hope that Wall Street will sustain its recent firmness when it returns from holiday.

Among these market leaders, pharmaceutical issues were strong and stocks such as Reckitt & Colman and Rank Organisation, more directly influenced by Wall Street, closed very firmly.

However, across the broad range of the market, shares were not active and traders warned that price movements reflected the need of market-making firms to find shares to cover selling bargains struck in the previous week. London is unlikely to develop any new trend until Wall Street returns to business.

Demand for water stocks

WATER SHARES were boosted by a series of broker buy recommendations and also by heavy demand from Salomon Brothers, the US investment bank, which yesterday announced the creation of a "Water Basket" comprising call and put warrants on the four water stocks in the FT-SE 100 index.

These are Anglian, North West, Severn Trent and Thames, all of which were outstanding performers in the sector. Salomon has been a big buyer of the four stocks over the past couple of trading sessions.

Thames was the most heavily traded (4.6m shares) and the biggest gainer in the sector, ending 9 higher at 382p, closely followed by Anglian, 8 up at 374p, North West, 6 better at 378p, and Severn Trent, 5 to the good at 350p.

Mr Steve Doe at Smith New Court pinpointed Anglian, Southern (4 up at 340p), North West, Thames and Yorkshire (3 firmer at 387p) as best buys in a sector which he said: "Fails to take account of the possibility of a Tory government, or even a laissez-faire Labour government."

A broad review of the outcome of the forthcoming general election by Nomura's utilities team was highly positive for North West and Severn Trent.

BP above worst

An oil sector still bruised by last week's disappointing trading statement from BP and worries over the group's dividend prospects was further depressed yesterday by a negative view of the latest Opec agreement.

The agreement, by Opec members, to reduce output by around 1.4m barrels a day disappointed oil specialists, who had expected bigger cuts. "It should have positive implications for equity markets but not for the oil sector," said Mr Nick Clayton at Smith New Court, who saw British Gas as "the only safe high-yielder in the sector".

County NatWest was aggressively switching from BP into British Gas yesterday, according to dealers. Mr Simon Flowers at County said that, with BP set to underperform, Gas looked more attractive.

BP was again the most heavily traded stock on the London market, with turnover exceeding 15m shares. It closed 5 off at 263p, but after having dropped to 248p at one point. British Gas climbed 7½ to 248p on 6.5m traded.

Shell Transport, due to report preliminary figures on Thursday, managed a minor gain at 468p, responding to switching from BP in a move described by specialists as "a flight to quality".

Reuters still busy

Reiteration of a buy stance ahead of an enthusiastic note helped Reuters Holdings climb 21 to 1156p with 1.1m shares traded.

Securities house Henderson Crosthwaite says the shares are on a very low rating. A research document from Henderson, to be published today, also argues that rival companies' products, designed to compete with Reuters' new automated foreign exchange system, Dealing 2000-2, are experiencing technical difficulties.

Analyst Mr Brian Newman of Henderson said: "The shares look set to assault the previous £13 high reached in July 1990." The stock has also been moved higher by a revival of interest from the US.

Stores firm

Stores received a boost from a report by the Confederation of British Industry that sales in the distribution sector are showing signs of improvement. The CBI report reinforced hopes that tomorrow's UK retail sales data for January will show a recovery from December's fall of 0.9 per cent. City forecasts point to a January rise of 0.2 per cent.

Hopes that the sector may lead Britain out of recession inspired a rise of 9 to 245p in Dixons, as 1m shares changed hands. This followed a recent recommendation from Barclays de Zoete Wedd that Dixons is poised to be one of the major beneficiaries of an upturn in consumer spending. Marks and Spencer moved ahead 7½ to 323p on turnover of 3.8m and Kingfisher put on 5 to 507p in a market trading 1.9m.

The better than expected CBI distributive trades survey encouraged Boots to rise 9 to 461p. W.H. Smith "A" also gained from hopes of a recovery in sales, adding 14 at 457p, while Great Universal Stores "A" improved 40 to 1479p.

Monument Oil & Gas slipped a penny to 33¼p; the overnight ticker revealed that 22m shares were traded at 32p after the market closed last Friday. The deal was believed to be the two sides of a share sale by Secab, the investment division of Swedish group Mercurius.

PowerGen and National Power underperformed, closing only marginally up on the day, while the Scottish generators made good progress in heavy trading after Kleinwort Benson was said to have recommended a switch into the two stocks. Scottish Hydro rose 3 to 107p on 4.6m shares. Scottish Power, with 6m traded, put on 2 to 103½p.

British Aerospace ended easier at 270p in nervous trading ahead of tomorrow's full-year figures.

Engineering group Bullough gained 5 to 551p. UBS Phillips & Drew is a buyer of the stock and said: "Trading on a discount to the market . . . and offering yield premium and strong asset backing, the shares represent one of the best recovery plays in the sector."

Press comment benefited a number of transport-related stocks. BAA jumped 12 to 577p, while British Airways put on 4 to 258p on turnover of 4.1m.

P & O bounced 10 to 388p on reports that Chelsfield, a private company with whom it operates the Pall Mall Properties joint venture, is planning a public listing.

Expectation of good news from the interim results on Thursday lifted Glaxo by 25 to 840p. Analysts are looking for profits between £690m and £730m, against £623m for the comparable half year.

Protective clothing and equipment manufacturer Wardle Storeys declined 9 to 336p after one securities house was apparently unable to place a line of 1.2m shares in the market.

Waste management group Attwoods finished 2 easier at 144p in spite of a brokers visit to Germany yesterday and today. Analysts said there were still worries about financial controls.

Pharmaceutical retailer Macarthy forged ahead 18 to 305p on hopes that the Department of Trade and Industry will this week clear two rival bids for the company.

A weekend press article revived optimism that the bids, from Lloyd's Chemists (unchanged at 336p) and Unichem (off 2 at 207p), which have both been referred to the Monopolies and Mergers Commission, will be cleared.

Food retailer William Low dropped 38 to 224p on a warning from the company that difficult trading conditions and the cost of new openings meant profits for the year to September 1992 would fall short of last year's figure of £23.56m. Analysts were looking for profits of around £26m.

Mr Nick Irens, regarded as a significant contributor to First Leisure's fortunes, resigned as finance director to set up his own business, although he will remain with the company until a replacement is found. The shares lost 2 to 294p.

Bid speculation returned to Mountleigh and Rosehaugh. Mountleigh edged up a quarter of a penny to 10¼p on busy turnover of 3m following weekend press reports that it could be a target for Chelsfield, Mr Elliott Bernerd's private property group, which is being prepared for flotation. Rosehaugh, a popular bid target, was also fingered as a possible candidate, the shares adding 1¾ at 10¼p in active volume of 1.2m.

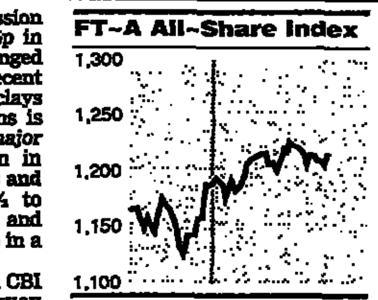
George Wimpey, the housebuilding group, moved up strongly to close 6 higher at 117p, with turnover of 5.2m said to have been substantially boosted by a series of agency crosses.

A Kleinwort Benson recommendation was behind a surge in Wickes shares, which closed 8 ahead at 80p, after 82p. Kleinwort's retailing team described Wickes as "one of the best recovery plays in the sector".

MARKET REPORTERS:
Christopher Price, Peter John, Colin Millham, Joel Kibazo, Steve Thompson.

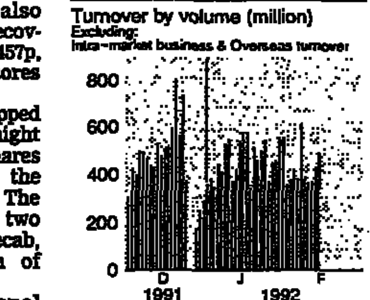
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 24.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (66).

BRITISH FUNDS (2) Tr. 2pc IL 1992, Tr. 2pc IL 1996, AMERICANS (2) Ingersoll-Rand, Lowe's, BANKS (1) HSBC, BREWERS & DISTILLERS (3) Holt (J), Young A, Do. N/V, BUILDING MATERIALS (1) Wickes, BUSINESS SERVICES (4) Adam & Harvey, Davis Service, Inchcape, Willis, CHEMICALS (2) MTM, Yorkshire, ELECTRONICS (1) Macro 4, ENGINEERING GENERAL (4) Bullough, Fairey, Powerscreen, Rotork, FOOD MANUFACTURING (3) Cadbury Schweppes, Dalepak, Regina Health, FOOD RETAILING (1) Brake Bros., HEALTH & HOUSEHOLD (3) AAH, Amersham, Macarthy, HOTELS & LEISURE (4) Boosey & Hawkes, Stanley Leis., Tanjong, Tottenham Hotspur, INVESTMENT TRUSTS (8) Abtrust Prid. Zero Prf., Drayton Blue Chip Zero Prf., Drayton Recovery Prid. Growth, Govett Atlantic, Kleinwort High Inc. Zero Prf., M & G Inc. Zero Prf., Manakin, River Plate Zero Prf., MEDIA (4) Abbott Mead V., Central ITV, Reuters, Scottish TV, MISCELLANEOUS (3) Cornwell Parker A, Headlam, Lionheart, MOTORS (1) Euro. Motor, OIL & GAS (1) NZ Oil, OTHER FINANCIAL (3) S & U Stores, Secure Trust, Spanish Smlr. Co's Wrrnts., OTHER INDUSTRIAL MATERIALS (1) Tomkins 5.6pc Prf., PACKAGING, PAPER & PRINTING (2) Boxmore, De La Rue, PROPERTY (1) Slough Ests. 8pc Cv. 2003, STORES (3) Betterware Cons. Prods., GUS A, Marks & Spencer, TELEPHONE NETWORKS (3) Securicor, Do. A N/V, Security Servs., TEXTILES (1) Campari, TRANSPORT (4) BAA, Brit. Airways, Cathay Pacific, Dawsongroup.

NEW LOWS (52).

BRITISH FUNDS (1) Tr. 9pc 2012, BUILDING MATERIALS (2) Latham (J), Ward Group, CONGLOMERATES (2) Gieves, Scot. Heritable, CONTRACTING & CONSTRUCTION (3) Creston, Howard, Jarvis, ELECTRICALS (1) Clarke (T), ELECTRONICS (2) Radius, Sema, ENGINEERING AEROSPACE (1) UMECO, FOOD MANUFACTURING (1) Acatos & Hutcheson, FOOD RETAILING (1) Low (Wm), HOTELS & LEISURE (2) Allied Leis., Friendly Hotels, INSURANCE BROKERS (1) Sturge, INSURANCE COMPOSITE (2) Baltica, Hafnia, INVESTMENT TRUSTS (7) Flmg. High Inc., Merlin Intl. Green Wrrnts., Parambe, River & Merc. Extra Inc. Wrrnts., River Plate Cap., Scot. Natl. Wrrnts., Siam Select. Growth Wrrnts., MERCHANT BANKS (1) Wintrust, MISCELLANEOUS (2) Eurocopy, Fitzwilton, OIL & GAS (10) Aviva Petrlm., Brit. Borneo, Cairn Energy, Calor, Clyde Petrlm., Conroy Petrlm., Kelt Energy, LASMO, Pict Petrlm., Tuskar Res., OTHER FINANCIAL (3) Burlington, Lon. Finance, Natl. Home Loans 7½pc Prf., PACKAGING, PAPER & PRINTING (1) Continuous Stationery, PROPERTY (2) Fletcher King, High-Point, TRANSPORT (1) P & O 8¾pc Prf., SOUTH AFRICANS (1) OK Bazaars, MINES (5) Butte, Free State Dev., Kinross, Leslie, Young.

FINANCIAL TIMES STOCK INDICES

	Feb 17	Feb 14	Feb 13	Feb 12	Feb 11	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	88.26	88.06	88.41	88.37	88.29	85.72	88.41 (13/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	101.23	101.03	101.17	101.17	100.93	94.22	101.23 (17/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1970.6	1950.9	1957.4	1963.3	1964.2	1842.6	2108.3 (2/9/91)	1606.3 (18/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	139.0	141.1	146.2	144.3	141.9	134.5	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2541.0	2513.9	2522.6	2523.7	2537.1	2318.3	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1170.10	1162.69	1168.11	1168.78	1172.23	1072.12	1198.60 (3/9/91)	938.62 (16/1/91)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.63	4.68	4.66	4.65	4.65	4.94				
●Earning Yld % (full)	6.86	6.96	6.94	6.92	6.91	11.75				
●P/E Ratio(Net)(☆)	18.74	18.03	18.07	18.13	18.14	10.31				
SEAQ Bargns 4.45pm	29,867	30,114	28,451	28,978	28,392	28,383				
Equity Turnover(£m)†	-	1167.2	1019.9	811.9	788.7	845.31				
Equity Bargains†	-	30,155	28,201	26,694	28,172	27,441				
Shares Traded (ml)†	-	499.5	441.0	372.6	368.4	407.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.65

Ordinary Share Index, Hourly changes — Day's High 1970.7 — Day's Low 1952.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1953.3	1959.0	1959.9	1963.6	1963.3	1964.1	1964.1	1965.0	1966.6

FT-SE 100, Hourly changes — Day's High 2541.0 — Day's Low 2512.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2513.3	2521.5	2524.6	2530.6	2531.5	2531.6	2531.5	2531.6	2535.0

FT-SE Eurotrack 200, Hourly changes — Day's High 1170.10 — Day's Low 1162.82

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1164.04	1167.03	1166.70	1167.85	1168.34	1168.88	1169.71

GILT EDGED ACTIVITY

Indices*	Feb 14	Feb 13
Gilt Edged Bargains	77.4	86.1
5 – Day average	80.8	83.2

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	4	405	-2	Cookson	29	715	+1	Lucas	1,400	115	-1	Shell Transport	4,400	468	+1
ASDA Group	11,000	37½	-1	Courtaulds	436	523½	+8½	MB Caradon	89	268	+1	Siebe	309	682	+2
Abbey National	1,400	288	+2	Dalgety	1,800	374	+7	MEPC	106	365	+2	Slough Ests.	150	218	
Albert Fisher	825	87½	-½	De La Rue	322	841	+2	Manweb	430	314	+5	Smith (W H) A	697	458	+12
Allied-Lyons	2,100	625	+6	Dixons	1,000	245	+8	Marks & Spencer	3,800	323½	+7½	Smith & Nephew	2,400	150½	+5
Amstrad	787	27	-½	ECC Group	355	487	+10	Midland Bank	934	227	+3	SmKl Beecham	360	848	+12
Anglian Water	1,300	374	+8	Eastern Elect	1,400	247½	+7½	Midlands Elect	576	276	+5	SmKl Beecham Uts	38	[illegible]	+25
Argos	1,400	273	+8	East Midland Elect.	1,000	257	+4	NFC	683	239	+3	Smiths Inds	700	370	+7
Argyll Group	3,700	315½	-½	Enterprise Oil	1,800	411	-1	NatWest Bank	2,700	285	+1	Southern Elect.	367	276	+6
Arjo Wiggins	2,000	238	+5	Eurotunnel Units	46	454	-3	National Power	1,500	215	+1	South Wales Elect.	117	312	+6
Ass. Brit. Foods	47	451	+1	FKI	604	80	-1	Next	2,300	87	+1½	South West Water	226	353	+8
BAA	1,100	577	+12	Ferranti	[illegible]	[illegible]	[illegible]	North West Water	1,500	378	+6	South West Elect	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	16,000	283	-5	[illegible]	187	238	+3	Rolls Royce	2,700	135	-2	United Biscuits	2,800	409	+5
British Steel	3,900	76½	+2½	ICI	610	1277	+12	Rothmans	306	1049	-9	Utd. Newspapers	597	382	
British Telecom	2,700	334½	+7	Inchcape	303	442	+7	Ryl Bk Scotland	246	189		Vodafone	2,100	382	+4
Br. Telecom New	6,800	123	+1	Kingfisher	2,400	507	+5	Royal Insurance	1,500	230	-2	Warburg (SG)	178	580	+1
Bunzl	605	82	+1	Ladbroke	4,300	227	+4½	Saatchi	2,100	14⅛	+½	Wellcome	316	1130	+21
Burmah Castrol	264	502	+7	Land Securities	623	456	+3	Sainsbury	530	389	-3	Welsh Water	943	392	+7
Burton	1,900	35½	+1	Laporte	130	601	+3	Scottish & New.	1,200	433	+1	Wessex Water	192	418	+4
Cable & Wire.	266	585	+3	Legal & General	1,500	351		Scot. Hydro-Elect.	4,600	107	+3	Whitbread 'A'	625	441	-1
Cadbury Schweppes	1,100	463	+3	Lloyds Abbey	1,000	584	-2	Scottish Power	6,000	103½	+2	Williams Hldgs	689	316	+1
Calor Group	30	191	-2	Lloyds Bank	2,300	391		Sears	7,800	104½	+4½	Willis Corroon	1,100	249	+6
Carlton Comms.	298	645	+2	LASMO	4,100	214	-4	Sedgwick	314	215	+7	Wimpey	6,200	117	+6
Coats Viyella	546	180	+1	London Elect.	233	274	+6	Seeboard	753	272	+6	Yorkshire Elect.	608	315	
Comm. Union	914	441	+8	Lonrho	4,300	130	+3	Severn Trent Water	1,200	350	+5	Yorkshire Water	984	387	+3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

POSITIVE political and economic sentiment helped stock index futures rise in thin but steady trading, writes Christopher Price.

Futures opened at a healthy 2,532, with a number of factors weighing on the market, namely the scope for interest rate cuts following Friday's inflation figures, good weekend polls for the government and positive overnight trading news from Tokyo.

The market moved steadily ahead to midday, with dealers reporting interest from US buyers. But with Wall Street's closure, many independent dealers had taken a day's holiday and March stalled until late afternoon. However, it found strong support at the 2,550 level that provided a spring board for a late burst which generated a squeeze.

March closed at 2,565, up 35 on the previous session, and around 15 points above its estimated fair value premium to cash of about 10. Turnover was a low 3,053.

Wall Street's holiday also depressed business in the traded options market. Volume was a poor 22,825. The FT-SE 100 index option traded 3,441 contracts.

Thames Water was the busiest stock option, with the May 360 puts dominating the day's total of 2,837 lots traded.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
2pc IL 1992‡‡		136 1/16 xd	+1/8	136 1/16	125 7/16	2.01	7.98
8pc 1992 ‡‡		99 5/8	—	99 5/8	95 11/16	8.03	9.96
10½pc Cv 1992‡‡		100 1/16	—	100 15/32	98½	10.49	10.12
3pc 1992		98 1/4	—	98 3/4	91 5/8	3.06	8.38
Exch 12¼pc 1992		101 1/16 xd	-1/16	102 5/8	100 5/8	12.11	9.90
13½pc 1992		102 1/16 xd	—	104 1/8	101 1/32	13.23	9.85
Treas 8¾pc 1993		99 7/8	—	99 7/8	94	8.84	9.46
10pc 1993‡‡		100 5/8	—	100 3/4	97 3/8	9.96	9.56
12½pc 1993‡‡		103 1/4	-1/16	104 3/4	102 3/8	12.85	9.57
Funding 6pc 1993‡‡		96 1/4 xd	—	96 1/4	89 5/8	6.23	8.54
Treas 13¾pc 1993‡‡		106 5/8	—	108 5/8	105 5/8	12.98	9.53
8½pc 1994		98 11/16	—	98½	92 1/4	8.64	9.36
14½pc 1994‡‡		109 13/16 xd	—	111 7/8	108 1/4	13.31	9.55
Exch 13½pc 1994		107 3/8	—	109	105 13/32	12.65	9.53
Treas. 10pc Ln. 1994‡‡		101 1/16	—	101 3/4	96 1/2	9.89	9.43
Exch 12½pc 1994		106 1/16 xd	+1/32	107 1/4	103 1/4	11.74	9.53
Treas 9pc 1994‡‡		99	+1/32	99 1/16	93 1/4	9.09	9.38
12pc 1995		106 1/4	—	108 1/4	102 1/8	11.30	9.48
Exch 3pc Gas 90-95		89	—	89	82 1/4	3.37	6.92
10¼pc 1995		102 3/8	—	102 5/8	96 1/4	10.03	9.45
Treas 12¾pc 1995‡‡		109 7/8	—	110 1/4	105 7/8	11.60	9.50
14pc 1996		113 5/8	+1/8	114 3/8	109 3/4	12.32	9.71
9pc 1992-96‡‡		99 5/8 xd	+1/8	99 7/8	92 1/2	9.09	9.09
15¼pc 1996‡‡		118 1/2	+1/8	119 1/8	115 1/4	12.84	9.67
Exch 13¼pc 1996‡‡		112 1/4	+1/8	112 1/2	108	11.80	9.64
Conversion 10pc 1996		101 1/2	+1/8	102 1/4	95 1/2	9.81	9.43
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		113 7/8	+1/8	114 3/8	108 1/4	11.64	9.62
Exch 10½pc 1997		104 1/4 xd	+1/8	104 3/4	97 1/4	10.06	9.41
Treas 8¾pc 1997‡‡		97 1/4 xd	+1/4	97 3/8	89 1/2	8.98	9.33
Exch 15pc 1997		122 1/2	+1/4	123 1/8	117	12.25	9.73
9¾pc 1998		101 1/2	+1/4	101 5/8	93 1/2	9.61	9.40
Treas 6¾pc 1995-98‡‡		89 5/8	+1/4	89 7/8	80 3/8	7.53	8.95
15½pc '98‡‡		128 1/4	+1/4	128 3/4	121 3/4	12.11	9.64
Exch 12pc 1998		111 1/2	+1/4	112 1/4	104 3/8	10.72	9.53

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		101 1/4	+1/4	101 1/2	92 1/2	9.39	9.27
Exch 12¼pc 1999		113 3/8	+1/8	113 1/2	105 1/2	10.78	9.54
Treas 10½pc 1999		105 1/2	+1/4	105 1/2	97 3/8	9.98	9.42
Conversion 10¼pc 1999		104 1/8	+1/4	104 1/2	95 1/2	9.82	9.42
9pc 2000‡‡		98 1/2 xd	+1/8	98 1/2	89 5/8	9.14	9.26
Treas 13pc 2000		119 1/8	+1/4	119 1/2	110 1/2	10.91	9.61
10pc 2001		103 1/4 xd	+1/4	104 1/8	94 1/4	9.64	9.37
14pc '98-01		119 5/8	+1/4	119 1/2	113 1/4	11.70	9.71
9¾pc 2002		102 1/2 xd	+1/4	103 1/4	92 1/2	9.49	9.33
9¾p 2002 C		27 1/2	+1/8	28 1/4	25	9.59	9.33
10pc 2003		104 1/2 xd	+1/4	105 1/4	94 1/4	9.55	9.31
Treas 11½pc 2001-04		111 1/2 xd	+1/4	111 1/2	102	10.32	9.58
Funding 3½pc '99-04		62 5/8	+1/8	63	53 1/2	5.59	8.39
Conversion 9½pc 2004		101 1/2	+1/4	101 3/4	90 1/2	9.37	9.29
9½pc 2004 A		101 1/2	+1/4	101 7/8	96 1/2	9.37	9.29
9½pc 2005		101 5/8	+1/4	102 1/4	90 1/2	9.35	9.26
Treas 12½pc 2003-05		122 1/4	+1/4	122 1/4	111	10.24	9.35
8pc 2002-06‡‡		89 1/2	+1/4	90 3/8	79 1/4	8.90	9.25
Over Fifteen Years							
Treas 11¾pc 2003-07		116 3/8	+1/4	116 1/2	105 1/2	10.12	9.35
8½pc 2007 ‡‡		94 1/2	+1/4	94 1/2	84 1/2	9.00	9.16
8½pc 2007 A		94 1/4	+1/4	94 1/4	91 7/8	9.00	9.16
13½pc '04-08		129 5/8	+1/4	130 3/8	118 1/2	10.41	9.33
9pc 2008 ‡‡		98 1/2	+1/4	98 1/2	88 1/2	9.11	9.13
8pc 2009		90 1/2 xd	+1/4	90 1/2	80	8.89	9.13
Conv 9pc Ln 2011 ‡‡		98 1/4	+1/4	99 1/2	88 3/8	9.11	9.12
9pc 2011 B		98 1/2	+1/4	98 1/2	93 1/2	9.12	9.12
Treas. 9pc 2012		49 1/4	+1/4	50 1/4	49 1/4	9.18	9.10
Treas 5½pc 2008-12‡‡		68 1/2 xd	+1/8	67 1/2	58 1/4	8.24	9.08
7¾pc 2012-15‡‡		86 1/2	+1/4	86 1/2	76 1/2	8.97	9.16
Exch 12pc '13-'17		128 1/4	+1/4	128 1/2	113 1/4	9.50	9.18
Undated							
Consols 4pc		42 1/4	+1/4	42 1/4	37 1/2	9.51	—
War Loan 3½pc‡‡		37 1/2	+1/4	37 1/2	33 1/4	9.26	—
Conv 3½pc '61 Aft		61 1/4	+1/4	61 1/4	57 1/4	5.73	—
Treas 3pc '66 Aft		31 3/4	+1/4	31 7/8	28 1/4	9.56	—
Consols 2½pc		26 1/4	+1/4	26 1/2	23 1/4	9.38	—
Treas. 2½pc		26 3/8	+1/4	26 1/4	23 1/2	9.48	—

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	124 5/8	+1/16	124 5/8	115 1/8	2.06	3.28
2pc '96	(67.9)	180 1/4 xd	+1/4	180 1/4	168 1/2	3.32	3.86
2½pc '01	(78.3)	148 5/8 xd	+1/4	148 1/2	137 1/4	3.80	4.13
2½pc '03	(78.8)	141 1/2	+1/8	142 1/4	133	3.92	4.20
2pc '06	(69.5)	143 1/2 xd	+1/16	144	135	4.06	4.27
2½pc '09	(78.8)	130 1/2	+1/4	131 1/2	124 1/4	4.09	4.29
2½pc '11	(74.6)	134 1/2 xd	+1/4	136 1/8	128 1/4	4.10	4.29
2½pc '13	(89.2)	110 1/2	+1/8	111 1/4	105 7/8	4.11	4.28
2½pc '16	(81.6)	118 1/4	+1/4	118 1/2	113 1/2	4.11	4.27
2½pc '20	(83.0)	113 1/4	+1/8	113 1/2	103 1/2	4.11	4.28
2½pc '24‡‡	(97.7)	93 1/4	+1/8	95 1/4	90 1/2	4.18	4.24

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1991: 134.1 and for January 1992: 135.6

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11⅛ 2010		110 1/2	+1/2	111 1/4	95 1/2	10.78	9.83
Asian Dev 10¼pc 2009		105 1/2	-1/4	106 1/4	91 3/4	10.33	9.63
B'ham 11½pc 2012		100	-1/4	100 1/2	100 1/2	11.33	10.77
Ireland Cap 8½pc '10		98 5/8	—	99	86 1/2	8.80	—
5pc Cap 1996		99 3/8	—	99 1/2	93	5.17	—
13pc '97-02		114 1/2	—	118	108 1/2	11.36	—
Hydro Quebec 15pc 2011		138 1/2	+1/2	138 1/2	120 1/2	10.8	10.50
Int-Am Dev 12½pc 2003		117 1/4	+1/4	118 1/4	105 1/2	11.08	9.81
9¾pc 2015		100 1/4	-1/4	100 1/2	86 1/2	14.37	9.73
Leeds 13½pc 2006		118	-1/4	119 1/2	110 1/2	11.80	10.87
Liverpool 3½pc Irred		30 1/2	—	31	28	11.67	—
LCC 3pc '20 Aft		27 1/2	—	27 1/4	26	11.11	—
Manchester 11½pc 2007		107	—	107 1/4	97 1/2	11.27	10.59
Met. Wtr 3pc 'B'		55	—	55 1/4	52	5.77	9.78
N'wide Anglia 3¾pc 2021		105	—	106 1/4	102	—	5.49
4¼pc IL 2024		106 1/4 xd	—	107 1/4	104	—	5.15
Utd Mex States 16½pc 2008		125xd	-1/2	125 1/2	101	13.30	12.82

APPOINTMENTS

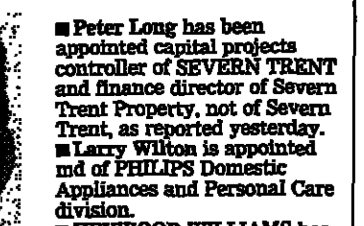
IT man to be i/c IFM

ICCH Financial Markets (IFM), the systems subsidiary of the International Commodities Clearing House, has named Wal Reisch to succeed Martin Eades as chief executive.

Eades, whose three-year contract is up, arrived at ICCH as group managing director, encompassing both the clearing house, which clears and guarantees trades executed on London futures and options markets, and IFM. In September 1990, David Hardy took over as managing director of the London Clearing House, leaving Eades in charge of IFM.

With his skills more pronounced on the selling than on the man management side, Eades, 50, who had previously worked in Tokyo, is credited with successfully introducing several Japanese commodity exchanges to ICCH's clearing and trading systems. But attempts to float IFM off from ICCH, which is owned by a group of UK banks, have so far failed.

Reisch, a 45-year-old Australian, has been with ICCH since he joined the Sydney branch office in 1974. Like Eades, he is an information technology boffin, and has been responsible for group IT strategy. The two men also share a concern for assuring their personal succession; Reisch has six offspring, and Eades has seven.



■ First Leisure, Lord Delfont's discotheque, ten-pin bowling and tourist attractions group, is to lose its finance director, Nick Irens.

Irens had decided he would like to manage a company himself and with John Conlan, First Leisure's chief executive, firmly in place, there seemed little early prospect of Irens taking the top job there.

Instead, after what all sides insist is an amicable departure, Irens will become chief executive of a new company to be formed via an agreed takeover of an existing company. Irens says, however, that although his company will be in the leisure sector, it will not compete directly with First Leisure.

First Leisure is looking internally and externally for Irens' successor.

■ Alan Thomson, previously finance director of Courtaulds Coatings for five years, started yesterday as the new finance director of The Rugby Group. His predecessor, Barry Hardcastle, 56, retired for health reasons at the end of last year.

Thomson, a Scottish chartered accountant, who had been with Rockwell International in Switzerland, France and the US before Courtaulds, says he has been hired to develop Rugby's international side, particularly within Europe. Coatings has a very similar international portfolio to that of Rugby – with operations in North America and Australia – but is much stronger in Europe, according to the French-speaking Thomson.

■ Lawrence Churchill has been appointed as the first chief executive of National Westminster Life Assurance, the newly created life assurance subsidiary of NatWest, the second largest UK bank.

NatWest Life opens its doors at the beginning of 1993 with capitalisation of £150m – 92.5 per cent NatWest-owned and the remainder Clerical Medical.

Churchill joined NatWest from Allied Dunbar last September. He was director in charge of information technology, administration, and pension and management services.

A devoted rugby enthusiast and Oxford-trained classics scholar, Churchill says his goal is to ensure that NatWest Life becomes the outstanding life assurance company of the 1990s.

■ Peter Long has been appointed capital projects controller of SEVERN TRENT and finance director of Severn Trent Property, not of Severn Trent, as reported yesterday.

■ Larry Wilton is appointed md of PHILIPS Domestic Appliances and Personal Care division.

■ HEYWOOD WILLIAMS has promoted Matt Hankins, Tony Cox and Gillian Cruse as director of sales and marketing, operations and finance, respectively of Thurgar Bollé.

■ Gary Iceton has been appointed chairman of ST IVES web division.

■ Roger Ford moves from ICI to be NORTH WEST WATER's research and development director; Frank Toner moves from Cooper Industries to be finance director of the process engineering division.

■ John Cohlan and Kevin Gregory have been appointed directors of MOUNTLEIGH.

■ James Havard has been appointed a director of RANK XEROX (UK) with responsibility for total quality.

■ Peter Hare, formerly sales and marketing manager at National Power, has been appointed md of SCOTTISH POWER's energy trading division.

■ Stuart Guthrie-Brown, a director and company secretary of BOOKER, is leaving to resume a legal career. Guthrie-Brown had been deputy chairman of Fitch-Lovell, which was acquired by Booker in 1990.

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	35 7/16 xd	+1/2	35 5/8	20 7/8	15,495	1.5
♥Allegheny & W	317p	-4	385p	218p	184.7	5.3
Amdahl	1071p xd	—	1071p	687p	1,188	0.5
Amer Cyanamid	34 1/8	+1/8	42 1/8	25 1/8	3,285	2.5
Amer Express	12 xd	-3/16	17 7/8	9 11/16	6,645	4.7
Amer T & T	21 5/8 xd	+3/16	24 1/2	15 1/4	28,246	3.4
Ameritech	35	+3/8	38 7/8	32 1/2	18,324	5.5
BankAmerica	22 7/16 xd	-3/32	26 9/16	12 7/16	4,905	3.3
Bankers NY	34 1/4 xd	-1/2	38 3/16	20 1/16	2,855	7.9
Bell Atlantic	25 xd	-1/8	30 1/2	24 1/4	9,831	5.7
BellSouth	27 1/8	-1/4	31 1/4	25	13,156	5.7
♥Bethlehem Steel	8 1/8 xd	+1/4	11 1/4	6 3/16	619.3	—
Bowater	1373p	+21	1839p	1042p	493.2	4.9
CPC	45 5/8 xd	-5/8	54 1/2	37 11/32	3,448	2.7
California Engy	869p	-3	930p	420p	121.8	—
Campbell Soup h	21 7/8	-1/8	25	14 1/2	6,498	1.8
Chase Manhattan	12 7/8 xd	-1/16	13 1/2	5 5/16	1,750	5.2
Chrysler	9 1/8 xd	+5/8	9 1/16	5 1/8	2,616	3.7
Citicorp	8 13/16 xd	+1/16	10 1/8	4 5/8	3,078	—
Colgate-Palm	26 1/8 xd	-1/4	27 5/8	21 3/16	3,789	2.3
Cont'l Bank	817p	+7	939p	438p	826.6	5.5
Dana	19 13/16 xd	+1	21 5/8	13 5/8	816.5	4.5
Data General	684p	-7	1262p	203p	174.9	—
Dial	27 7/8 xd	-1/16	27 13/16	12 7/8	1,106	2.8
Dun & Brad	31 1/2	—	31 5/8	20 3/4	5,621	3.9
Eaton	39 1/4	+5/8	40	24 1/4	1,986	3.2
Echlin	8 5/8 xd	-1/4	8 7/8	5 1/2	481.7	4.6
FPL	19 1/4 xd	-1/8	20 1/8	14 7/16	[illegible]	[illegible]
Fluor	25 1/2 xd	+1/8	30 3/16	17 7/16	[illegible]	[illegible]
Ford Motor	20 13/16 xd	+13/16	23 1/4	13	[illegible]	[illegible]
Gen Elect	43 1/4 xd	-1/8	48 11/16	28 3/16	[illegible]	[illegible]
♥General Host	521p	-2	550p	270p	[illegible]	[illegible]
Gillette	27 7/8 xd	-7/16	45 3/4	20 7/8	[illegible]	[illegible]
Hasbro	22 1/2	-1/4	24	7 13/16	[illegible]	[illegible]
Honeywell	41 7/8 xd	-1	42 3/16	21 3/4	[illegible]	[illegible]
Houston Inds	23 1/2	+1/4	24 3/8	17 7/8	[illegible]	[illegible]
IBM	50 1/4 xd	-1	72 13/16	46	[illegible]	[illegible]
Ingersoll-Rand	34 7/8 xd	+3/4	34 7/8	18 7/16	[illegible]	[illegible]
Lockheed	24 1/4 xd	+1/2	29 1/8	16 3/8	[illegible]	[illegible]
Lowe's	2395p	+28	2395p	1245p	[illegible]	[illegible]
Merrill Lynch	32 1/4 xd	-9/16	39 13/16	10 3/16	[illegible]	[illegible]
Morgan (JP)	33 xd	-1/4	38 1/4	21 11/16	[illegible]	[illegible]
Morris (Philip)	42 xd	+1/16	44 5/8	25 7/16	[illegible]	[illegible]
NYNEX	42 1/4	-1/8	46 3/4	39	[illegible]	[illegible]
♥Pac Agric	28p	—	89p	15p	[illegible]	[illegible]
Pall	17	-1/4	17 13/16	10 9/16	[illegible]	[illegible]
Pennzoil	29 1/4 xd	-11/16	46 1/8	28 1/8	[illegible]	[illegible]
Quaker Oats	35 1/2	-1/8	48 7/16	24 7/8	[illegible]	[illegible]
Rockwell	16 5/8 xd	—	17 3/8	12 1/8	[illegible]	[illegible]
Rep NY	24	-1/16	27 13/16	16 1/2	[illegible]	[illegible]
Sears, Roebuck	24 5/8 xd	-3/16	25 5/8	12 13/16	[illegible]	[illegible]
Sthwestern Bell	39 7/8 xd	—	35 7/8	25 5/8	[illegible]	[illegible]
Sun Co	16 xd	-1/2	20 1/4	14 1/8	[illegible]	[illegible]
Tenneco	21 3/32 xd	+3/32	27 1/8	14 7/8	[illegible]	[illegible]
Texaco	33 7/8 xd	-9/16	40 1/2	29 1/16	[illegible]	[illegible]
Time Warner	56 7/16 xd	+1 13/32	64 1/2	37 7/8	[illegible]	[illegible]
♥Unilab	587p	—	587p	250p	[illegible]	[illegible]
Utd Tech	28 5/8 xd	-1/4	31 1/2	22 3/8	[illegible]	[illegible]
♥Utilitech	101p	—	101p	42p	[illegible]	[illegible]
US West	19 1/4	-1/8	23	18 1/4	[illegible]	[illegible]
Vanity	824p	—	1418p	578p	[illegible]	[illegible]
Waste Manage	25 9/16 xd	-7/16	26	16 5/8	[illegible]	[illegible]
Whirlpool	2493p	-22	2515p	1053p	[illegible]	[illegible]
♥Woolworth	16 13/16	+1/4	20 3/16	12 3/4	[illegible]	[illegible]

CANADIANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
♥Abbot Energy	2p	—	11p	1 3/4p	[illegible]	[illegible]
Amer Barrick	1559p	-33	1642p	953p	[illegible]	[illegible]
Bk Montreal	20 1/4	-1/8	23 1/4	13	[illegible]	[illegible]
Bk Nova Scot	1085p xd	-19	1170p	536p	[illegible]	[illegible]
♥BC Gas	824p	+1	870p	639p	[illegible]	[illegible]
BCE	22 1/2	-1/8	24 1/2	17 1/4	[illegible]	[illegible]
♥Brascan	895p	+10	1050p	647p	[illegible]	[illegible]
♥Breakwater	28 7/8p	+1	38p	6p	[illegible]	[illegible]
Can Imp Bk	1518p	-14	1618p	1180p	[illegible]	[illegible]
Can Pacific	842p	-13	1180p	756p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING AEROSPACE

[illegible]

ENGINEERING GENERAL

[illegible]

ENGINEERING—GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

MERCHANT BANKS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

Stock	Price	+or	High	Low	Mkt Cap£m	Yld Gr's
‡‡Ivernia West IC	48	-1	61	30	18.2	—
‡‡Kells Mins IC	38	—	46	33	8.82	—
♣Kenmare	6¼	+¼	25	3½	6.08	—
‡‡Navan Res IC	28	—	28	15	3.48	—
Northgate Expl C$ s	39⅞	-1	98	39	5.03	—
North West Expl A$	4	—	16	4	1.35	—
Oryx Gold S	87⅞	-½	188	82	—	—
‡‡Ovoca Gold IC	10	-1	23	8	0.70	—
Plateau	11½	-½	44	11	5.24	—
■RTZ	628	+10	685	404	5,285	4.9
♣Vizcaya	2	—	10	2	1.07	—
♥Western & Pac C$	12	-⅜	152	7	6.58	—
♣Young Grp	108	-3	139	100	16.0	6.9

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International

● "Tap Stock"

* Highs and lows marked thus have been adjusted to allow for rights issues for cash

† Interim since increased or resumed

‡ Interim since reduced, passed or deferred

‡‡ Tax-free to non-residents on application

◆ Figures or report awaited

♥ Not officially UK listed, dealings permitted under rule 535(4)(a)

♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.

‡‡ Not officially UK listed; dealings permitted under Rule 535(2)

Price at time of suspension

¶ Indicated dividend yield after pending scrip and/or rights issue.

φ Merger bid or reorganisation in progress

§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.

♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other offical estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other offical estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other offical estimates for 1991.
K Yield based on prospectus or other offical estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other offical estimates for 1991-92.
N Yield based on prospectus or other offical estimates for 1992.
P Figures based on prospectus or other offical estimates for 1991
R Forecast annualised yield, p/e based on prospectus or other offical estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	119.3	119.3	126.5	-0.3	8.18
High Inc Equity	6	123.2	126.3xd	134.3	+0.5	6.33
Worldwide Bond	6	217.2	217.2xd	230.3	-0.2	6.18
Capital Growth						
American Growth	6	210.6	210.6	225.2	-0.6	.96
Asian Pacific	6	134.9	137.8	146.5	-0.7	1.30
Assets & Earnings	6	180.4	180.4xd	192.9	+0.1	3.25
Capital Reserve Acc	0	112.7	112.7	112.7	-0.1	7.45
Capital Reserve Inc	0	89.10	89.10	89.15	-0.08	7.45
Comdty & Energy	6	68.88	68.88	73.66	-0.40	1.40
1992 Enterprise	6	66.14	66.14	70.73	+0.14	3.01
Euro Capital Acc	6	88.35	88.35	94.49	-0.09	1.10
Euro Capital Inc	6	84.41	84.41	90.27	-0.10	1.11
General	6	165.8	165.8	177.3	+0.3	3.27
Japan	6	87.37	87.37xd	93.44	+1.05	-
Mastertrust	6	89.31	89.31	95.51	+0.16	2.49
UK Growth Acc	6	167.1	174.9	186.0		2.44
UK Growth Dist	6	106.2	111.2xd	118.2		2.49
US Emerging Cos	6	86.58	88.36	93.99	-0.47	-
Income & Growth	6	289.6	289.6xd	309.7	+0.7	4.52
Ethical	6	52.99	54.46	57.93	+0.21	2.93
International	6	62.26	63.20	67.23	+0.22	1.22
Dividend & Growth	6	45.67	46.89	49.88	+0.17	6.01
Global Gwth & Sec	6	53.07	53.39	56.79	-0.03	2.75

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Small Cos	0	1095.0	1095.0	1156.0		-

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	31.38	31.38	33.22	-0.05	2.39
Cash	0	50.80	50.80	50.80	+0.02	4.90
European	5¼	69.68	69.68xd	73.91	-0.09	0.31

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	77.28	77.86	83.28	+0.27	3.00
Do (Accum)	6	82.77	83.39	89.19	+0.29	3.00
Service Cos	6	65.02	65.02	69.55	-0.01	2.26
Do (Accum)	6	69.06	69.06	73.86	-0.01	2.26
Income Growth	6	39.53	39.53	42.27	+0.07	5.70
Do (Accum)	6	56.92	56.92	60.88	+0.10	5.70
Higher Yield	6	31.19	31.19	33.35	+0.10	4.90
Do (Accum)	6	40.67	40.67	43.49	+0.24	4.90
American Gth Inc	6	40.26	40.26xd	43.06	+0.13	0.63
Do (Accum)	6	41.07	41.07	43.92	+0.13	0.63
European Growth	6	25.26	25.26	27.01	+0.02	1.74
Do (Accum)	6	25.97	25.97	27.77	+0.02	1.74
Global Bond Inc	6	23.22	23.28	24.90	+0.01	6.48
Do (Accum)	6	27.55	27.63	29.55	+0.01	6.48
Managed P'follo Inc	6	26.42	26.50	28.35	+0.10	0.22
(Do Accum)	6	26.42	26.50	28.35	+0.10	0.22

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'follo Inc	6	77.89	77.89xd	82.95	-0.09	2.51
Mngd P'follo Acc	6	145.1	145.1	154.5	-0.10	-
UK General	6	117.6	117.6	125.2	+0.10	4.05
Conv & General	6	16.68	16.68	17.76	+0.03	10.72
European Inc	6	20.47	20.47	22.04	-0.14	0.51
European Acc	6	21.02	21.02	22.63	-0.15	-
Financial	6	90.65	90.65xd	96.54	-0.47	4.89
Foundation	6	60.43	62.00	66.03	+0.02	4.25
German	6	35.68	35.68	38.22	-0.12	0.10
Growth Inc (5-1)	5	23.33	23.36	24.88	-0.10	3.72
Growth Acc (5-1)	5	26.55	26.58	28.31	+0.11	-
High Income	6	55.84	55.98	59.90	+0.17	7.30
Income	6	92.33	92.33	98.61	+0.09	5.50
Intl Income	6	75.35	75.35xd	80.25	+0.01	6.01
Intl Growth ‡	6	29.62	29.62	31.55	+0.03	0.25
Monthly Income	6	52.35	54.39	57.92	-0.18	5.82
North American	6	87.73	88.19xd	94.19	+0.02	0.25
Orient ‡	6	88.14	88.14	94.84	+0.35	-
Recovery	6	29.40	29.40	31.31	+0.07	3.77
Smaller Cos Acc	6	191.8	191.8	204.3	-0.50	-
Smaller Cos Inc	6	114.0	114.0	121.4	-0.20	1.90

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
MW Joint Investors	0	1081.9	1081.9	1108.4		4.36

Maldon Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031 222 4242

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maldon General	0	103.9	103.9xd	107.1		5.43

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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Norwich Union Asset Management Ltd

PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	73.3	77.1	+0.4	-
Stock Market Mngd Fund	72.6	76.4	+0.3	-
Equity Fund	80.9	85.2	+0.7	-
International Fund	63.7	67.1	+0.2	-
European Fund	65.5	68.9	-0.1	-
North American Fund	74.8	78.8	...	-
Pacific Fund	69.5	73.1	-0.1	-
Property Fund	77.2	81.2	-	-
Fixed Interest Fund	63.6	67.0	-0.1	-
Index linked Sec Fund	64.1	67.4	-0.2	-
Deposit Fund	73.4	77.3	+0.1	-
NUAM Retirement Plans				
Mixed Fund	81.5	85.7	+0.8	-
UK Ordinary Share Fd	94.4	99.4	+0.8	-
International Fund	68.0	71.6	+0.2	-
Property Fund	84.6	89.1	+0.1	-
Fixed Interest Fund	79.3	83.5	+0.2	-
Index Linked Sec Fund	68.6	72.2	-0.1	-
Deposit Fund	88.4	93.0	+0.1	-
NUAM (MF)				
Managed Fund	1032.6	1087.0	+6.1	-
Equity Fund	2209.2	2325.5	+21.8	-
International Fund	168.8	177.7	+0.4	-
Property Fund	490.4	516.3	+0.3	-
Fixed Interest Fund	478.3	503.5	-0.9	-
Index Linked Sec Fund	65.4	68.9	-0.2	-
Deposit Fund	302.6	318.6	+0.2	-

Norwich Union Life Insurance Soc.

Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	119.76	126.07	+0.09	-
Managed Fd	100.83	106.13	+0.43	-
UK Ord Share Fd	105.33	110.87	+0.81	-
International Fd	92.90	97.79	+0.23	-
European Fd	89.18	93.87	-0.14	-
North American Fd	104.11	109.59	-0.13	-
Pacific Fd	83.20	87.58	-0.07	-
Property Fd	90.15	94.90	+0.01	-
Fixed Int Fd	114.00	120.00	-0.19	-
Int'l Bond Fd	112.51	118.43	+0.30	-
Deposit Fd	118.63	124.88	+0.08	-

Providence Capital Life Assc. Co Ltd - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Broker Funds				
High Performance	75.9	80.0	-	-
Towerhill Mngd Fd Acc	38.7	40.8	-0.1	-
YRA Executive Fd	100.1	105.5	+0.2	-
£ Global Growth Acc	132.3	139.5	+0.3	-
£ High Income Mngy Acc	146.8	154.8	.....	-
IM Balanced	54.0		.....	-
H.F. Speculator Fd	134.0		+0.4	-
AAFS Int Man Fund	125.0		-0.7	-
Andrews-Greer Int Port	88.0		-0.2	-
Individual Pension Funds				
UK Equity Acc	237.5	250.6	+2.0	-
UK Fixed Interest Acc	254.7	268.7	+0.2	-
Intl Equities Acc	231.6	244.4	+0.4	-
UK Managed Acc	187.8	198.1	+1.0	-
Property Acc	204.2	215.5	.....	-
Money Acc	173.1	182.7	+0.1	-
Special Market Acc	254.0	268.0	+1.4	-
Japan Equity Acc	145.0	153.0	+1.2	-
North American Acc	140.8	148.6	+0.1	-
Pacific Acc	180.0	189.9	-0.4	-
Technology Acc	191.2	201.7	+0.2	-
Natural Resources Acc	87.9	92.8	-1.3	-
European Acc	116.5	122.9	+0.4	-
Residential Prop Acc	92.3	97.4	.....	-
Swiss Equities Acc	33.6	35.5	+0.1	-
Hong Kong Acc	78.3	82.7	-1.1	-
UK High Inc Eqs Acc	76.7	81.0	+0.8	-
Int Fixed Interest Acc	66.9	70.6	-0.2	-
Int Managed Acc	59.7	62.9	+0.1	-
Group Pension Funds				
Equity Acc	838.2	864.2	+1.6	-
Fixed Interest Acc	756.9	780.4	+0.6	-
Managed Acc	134.2	136.8	+0.2	-

Provident Life Assoc Ltd

Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Range (Pension)				
Discretionary Fund		129.5	-0.7	-
Equity Fund		120.8	-1.0	-
Fixed Interest Fund		150.3	-0.3	-
International Fund		112.8	-0.1	-

OFFSHORE AND OVERSEAS

OFFSHORE INSURANCES

MANAGEMENT SERVICES

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring Mutual Fund Mngmt (Ireland) Ltd				
New Asian Fund	$99.92		----	0.00
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Svc Series*	$1.00		---	3.79
Investment Series*	$1.00		---	3.69
Investment Gth Series	$100.25		+0.01	4.18

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)F						
Lord Street, Douglas, IoM 0624 661551						
ADI Managed(z)	5	[illegible]	0.5939	[illegible]	[illegible]	1.3
ADI Mgd Currency(z)	5	[illegible]	0.395	[illegible]	[illegible]	5.5
ADI W'wide Eq(z)	5	[illegible]	0.6745	[illegible]	[illegible]	1.07
ADI Nth Amer Gth(z)	5	[illegible]	0.865	[illegible]	[illegible]	0.01
ADI Far East (z)	5	[illegible]	1.115	1.187	[illegible]	[illegible]
ADI Gilt & Income(z)	5	[illegible]	0.2506	[illegible]	[illegible]	[illegible]
ADI UK Cap Gth (z)	5	[illegible]	0.2223	[illegible]	[illegible]	3.42
ADI Europe Fd (z)	5	[illegible]	1.1613	1.234	[illegible]	1.39

For conversion Prices of Shares Phone: 0624 662860

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Asset Global Funds Ltd (1200)						
Victory Hse, Prospect Hill, Douglas, IoM 0624 620097						
European Equity	5	[illegible]	[illegible]	14.60	-0.03	-
UK Gilt	5	[illegible]	10.164	10.70	-0.02	-
Intl Equity	5	[illegible]	[illegible]	15.22	-0.03	-
International Bond	5	[illegible]	5.292	5.581	[illegible]	-
Ashburton Managed	5	[illegible]	.9632	[illegible]	----	0
European Bond	5	[illegible]	1.0052	[illegible]	[illegible]	-
Sterling Cash Inc	5	[illegible]	.9624	[illegible]	---	-
International Bond	5¼	[illegible]	.8946	.9455	[illegible]	-
ECU & DM Bond	5¼	[illegible]	1.0067	1.0632	[illegible]	-
CMI Fund Managers (IoM)						
Clerical Medical Hse, Douglas, IoM 0624 625599						
High Income	5	[illegible]	0.4870	0.5127	----	10.00

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Barclays Intl Funds—Contd.						
Bond Funds						
Sterling Bond		[illegible]	2.441		---	10.6
US Government Income		$100.16	105.72		----	6.7
Asian Selection Funds						
Hong Kong		$14.285	14.087		(z)	3.0
Indonesia		$8.525	8.974		(z)	2.5
Korea		$10.126	10.659		(z)	2.5
Malaysia		$11.108	11.693		(z)	0.5
Philippines		$12.336	12.985		(z)	2.5
Singapore		$11.886	12.512		(z)	1.0
Thailand		$13.541	14.254		(z)	2.5
South East Asia		$13.064	13.752		(z)	3.0
US Dollar Liquidity		$9.630	10.112		(z)	3.4
Cater Allen Investment Management (CI)						
CA Gilt Income		£6.47	6.77		----	14.77
CA Gilt & Futures		£1.004	1.057		----	7.57
CA Equity Gwth		£3.78	4.12		----	3.40
Citibank (CI) Ltd "Citifunds"						
Liquidity Funds						
Deutschmark			DM30.664		+0.008	-
Yen			Y3041.866		+0.425	-
Sterling			£12.430		+0.003	-
US Dollar			$18.416		+0.003	-
Managed			$18.625		+0.003	-
Short Term Investment Funds						
Irish £ Feb 13			215.068		+0.191	-
Equity Funds						
Global Equity			$17.327		-0.111	-
Japan Equity Feb 13			$8.850		-0.268	-
European Equity Feb 17			$15.579		+0.026	-
US Em Nth Feb 17			$26.894		-0.630	-
US Em Tech Feb 17			$23.099		+0.566	-
Chicago Feb 17			$41.242		-0.982	-
Bond Funds						
Global Bond			$16.340		-0.084	-
GNMA Bond Feb 17		$24.610	24.617		+0.024	-
HYB (A) Feb 17			$86399.143		[illegible]	-
EBC Trust Company (Jersey) Ltd						
EBC Actively Traded Currency Fund Ltd*						
Income		$15.41	15.882		(z)	4.05
Capital		$23.67	24.390		(z)	3.90

*Offer price includes 3% prelim charge

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Bulls ignore intervention on $

SENTIMENT remained bullish on the dollar, in spite of attempts by the Federal Reserve and Bank of Japan to weaken the US currency in the early hours of yesterday morning, *writes Peggy Hollinger*.

Traders said the intervention had offered buying opportunities at the expense of the D-Mark, among other currencies. They speculated that a large buying order from the Middle East, believed to be the Abu Dhabi Investment Authority, had helped the dollar to recover some of the ground lost through intervention.

The actions from the US and Japanese central banks at 4.40 GMT pushed the dollar from Friday's close of Y128 to Y126.70 at the London opening. However, the US unit ignored attempts from Japanese officials to talk it as low as Y123 to Y125, and it closed at Y126.95 in London.

Mr Peter Luxton, a senior economist at Barclays, said: "Unless they intervene again, it is unlikely they will be able to talk it down to that level." However, the central banks' actions had resulted in a more cautious approach to dollar/yen trade. "There is a reluctance to push the dollar up too rapidly," said Mr Luxton. Dollar trade was also said to have been muted as a result of the US public holiday.

There was no reluctance in dollar/D-Mark trade, which saw the German unit weaken from DM1.6117 at the opening in London to a close of DM1.6230.

Comments from Bundesbank president Mr Helmut Schlesinger that Germany was not likely to raise rates in the near term made the currency a prime target, said traders.

The market for D-Mark/yen trade had also been quite active, said Mr Luxton. The D-Mark weakened in tandem with the dollar early yesterday morning, and closed at Y78.21, compared with Y78.44 on Friday.

The D-Mark held last week's gains against the Swiss franc, to close unchanged at 90.14 centimes. Traders suggested that the franc would fall as low as 91 to 92 centimes in the near term, as it was unlikely that any help would be forthcoming from the Swiss National Bank.

Sterling finished unaltered against the D-Mark, and remained glued to the floor of the European exchange rate mechanism. Economists said sterling's position was more a problem for the Spanish than for the Bank of England.

The UK currency stood at just 39 per cent of its allowed divergence from the central Ecu rate, while the peseta was at 70 per cent.

Economists also dismissed the possibility of an imminent cut, even as little as a quarter of a point reduction, in UK interest rates.

The pound's resistance in the foreign exchange markets had so far been the result of a dollar focus. The danger was that if the authorities did lower rates soon, sterling would no longer be ignored.

The peseta continued to hold the lead in the ERM. It closed steady against the German unit, at Pta 62.70 per D-Mark.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 17	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.252	-4.03	6.17	70
Belgian Franc	42.4032	42.0915	-0.74	2.65	37
Dutch Guilder	2.31643	2.30088	-0.67	2.58	35
D-Mark	2.05586	2.04489	-0.53	2.44	37
Irish Punt	0.767417	0.765139	-0.30	2.20	15
Italian Lira	1538.24	1535.50	-0.18	2.07	11
French Franc	6.89509	6.96189	0.97	0.91	-51
Danish Krone	7.84195	7.92107	1.01	0.87	-44
Sterling	0.696904	0.710092	1.89	0.00	-37

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads; the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

£ IN NEW YORK

Feb 14	Close	Previous Close
£ Spot	1.7705-1.7715	1.7723-1.7730
1 month	0.91-0.89pm	0.92-0.91pm
3 months	2.66-2.63pm	2.69-2.67pm
12 months	8.93-8.83pm	9.08-8.98pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.17	Previous
8.30 am	91.0	90.7
9.00 am	90.9	90.8
10.00 am	90.9	90.7
11.00 am	90.8	90.7
Noon	90.8	90.7
1.00 pm	90.8	90.7
2.00 pm	90.8	90.8
3.00 pm	90.8	90.7
4.00 pm	90.8	90.8

CURRENCY MOVEMENTS

Feb 17	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.8	-20.7
U.S Dollar	63.5	-14.9
Canadian Dollar	100.5	-1.4
Austrian Schilling	110.0	+12.2
Belgian Franc	111.6	-1.8
Danish Krone	109.0	+3.1
D-Mark	118.5	+25.0
Swiss Franc	106.7	+15.2
Dutch Guilder	114.6	+16.4
French Franc	103.1	-12.9
Lira	99.0	-19.7
Yen	144.2	+78.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Feb.14

CURRENCY RATES

Feb 17	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.783381	0.710092
U.S Dollar	3.50	1.39011	1.26041
Canadian $	7.46	1.64937	1.49737
Austrian Sch	7.50	15.8486	14.3876
Belgian Franc	8.50	46.4436	42.0915
Danish Krone	9.50	8.74101	7.92107
D-Mark	8.00	2.25281	2.04489
Dutch Guilder	8.50	2.53820	2.30088
French Franc	10¼	7.66993	6.96189
Italian Lira	12	N/A	1535.50
Japanese Yen	4.50	177.656	160.035
Norway Krone	8	8.84318	8.01308
Spanish Peseta	-	141.695	128.252
Swedish Krona	10.00	8.18983	7.42005
Swiss Franc	7.00	2.02331	1.84335
Greek Drach	19	260.889	236.214
Irish Punt	-	0.845463	0.765139

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Feb.14

OTHER CURRENCIES

Feb 17	£	$
Argentina	1.7560 - 1.7590	0.9900 - 0.9910
Australia	2.3535 - 2.3555	1.3260 - 1.3270
Brazil	2602.95 - 2604.85	1467.30 - 1467.50
Finland	7.8555 - 7.8690	4.4270 - 4.4300
Greece	330.050 - 335.300	184.900 - 187.850
Hong Kong	13.7560 - 13.7655	7.7530 - 7.7550
Iran	2516.00*	1420.00*
Korea(Sth)	1346.40 - 1368.10	760.80 - 769.80
Kuwait	0.51920 - 0.52100	0.29250 - 0.29350
Luxembourg	59.20 - 59.30	33.35 - 33.45
Malaysia	4.5900 - 4.6070	2.5935 - 2.5955
Mexico	5376.95 - 5388.90	3062.00 - 3063.00
N.Zealand	3.2785 - 3.2820	1.8470 - 1.8490
Saudi Ar	6.6555 - 6.7325	3.7495 - 3.7505
Singapore	2.8965 - 2.9035	1.6340 - 1.6360
S.Af (Cm)	4.9635 - 4.9755	2.8090 - 2.8110
S.Af (Fn)	6.4080 - 6.5260	3.6100 - 3.6765
Taiwan	44.25 - 44.35	24.95 - 25.00
U.A.E.	6.5170 - 6.5940	3.6715 - 3.6735

*Floating rate. Iran Official rate £117.40 $65.00

POUND SPOT - FORWARD AGAINST THE POUND

Feb 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7710 - 1.7880	1.7735 - 1.7745	0.90-0.88cpm	6.02	2.65-2.62pm	5.94
Canada	2.1045 - 2.1190	2.1065 - 2.1075	0.54-0.48cpm	2.90	1.54-1.41pm	2.80
Netherlands	3.2325 - 3.2425	3.2325 - 3.2425	⅛cpm-par	0.46	⅝-½cpm	0.54
Belgium	59.15 - 59.35	59.20 - 59.30	6-2cpm	0.81	11-6cpm	0.57
Denmark	11.1325 - 11.1625	11.1400 - 11.1500	½-⅛orepm	0.34	¾-⅛pm	0.18
Ireland	1.0760 - 1.0790	1.0780 - 1.0790	0.02pm-0.02pdis	-	0.05pm-0.02dis	0.06
Germany	2.8760 - 2.8825	2.8775 - 2.8825	¼-⅛pfpm	0.78	½-¼pm	0.52
Portugal	246.65 - 248.20	247.20 - 248.20	59-79cdis	-3.34	202-241dis	-3.58
Spain	180.30 - 180.75	180.30 - 180.60	29-41cdis	-2.33	98-113cdis	-2.34
Italy	2159.15 - 2163.10	2160.25 - 2161.25	2-4liredis	-1.67	9-11dis	-1.85
Norway	11.2665 - 11.2905	11.2775 - 11.2875	⅜orepm-par	0.20	¼-¾dis	-0.20
France	9.7935 - 9.8125	9.7975 - 9.8075	⅜-⅛cpm	0.31	½-⅛cpm	0.13
Sweden	10.4290 - 10.4595	10.4400 - 10.4500	1½-1¾oredis	-1.94	5¼-5¾dis	-2.11
Japan	224.75 - 226.35	224.75 - 225.75	1-⅞ypm	4.66	2¾-2⅝pm	4.88
Austria	20.23 - 20.27	20.24 - 20.27	1¾-¼gropm	0.78	3¾-1¾pm	0.56
Switzerland	2.5895 - 2.6000	2.5900 - 2.6000	⅝-½cpm	2.60	1¾-1⅝pm	2.60
Ecu	1.4060 - 1.4100	1.4065 - 1.4075	0.04cpm-par	0.17	0.01-0.07cdis	-0.11

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.04-4.99cpm. 12 Month 8.92-8.82pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7710 - 1.7880	1.7735 - 1.7745	0.90-0.88cpm	6.02	2.65-2.62pm	5.94
Ireland†	1.6425 - 1.6575	1.6455 - 1.6465	0.86-0.81cpm	6.09	2.53-2.40pm	5.99
Canada	1.1850 - 1.1885	1.1875 - 1.1885	0.30-0.32cdis	-3.13	0.92-0.97dis	-3.18
Netherlands	1.8090 - 1.8280	1.8250 - 1.8260	0.81-0.84cdis	-5.42	2.48-2.52dis	-5.48
Belgium	33.15 - 33.45	33.35 - 33.45	0.14-0.16cdis	-0.05	0.44-0.47dis	-0.05
Denmark	6.2320 - 6.2920	6.2800 - 6.2850	2.80-3.00oredis	-5.54	8.60-9.20dis	-5.67
Germany	1.6070 - 1.6255	1.6225 - 1.6235	0.72-0.73pfdis	-5.36	2.20-2.22dis	-5.46
Portugal	139.45 - 139.65	139.55 - 139.65	104-111cdis	-9.24	328-338dis	-9.54
Spain	101.05 - 102.30	101.75 - 101.85	69-73cdis	-8.37	211-217dis	-8.41
Italy	1207.75 - 1220.50	1217.75 - 1218.25	7.60-8.10liredis	-7.73	23.20-24.00dis	-7.75
Norway	6.3180 - 6.3685	6.3575 - 6.3625	3.00-3.20oredis	-5.85	9.50-10.10dis	-6.16
France	5.4775 - 5.5365	5.5225 - 5.5275	2.59-2.64cdis	-5.68	8.05-8.15dis	-5.86
Sweden	5.8325 - 5.8970	5.8850 - 5.8900	3.80-3.95oredis	-7.90	11.60-12.15dis	-8.07
Japan	126.40 - 127.00	126.90 - 127.00	0.14-0.15ydis	-1.37	0.33-0.34dis	-1.06
Austria	11.3175 - 11.4375	11.4100 - 11.4150	4.75-5.15grodis	-5.20	14.70-15.90dis	-5.36
Switzerland	1.4490 - 1.4645	1.4625 - 1.4635	0.38-0.41cdis	-3.24	1.20-1.23dis	-3.32
Ecu	1.2580 - 1.2705	1.2610 - 1.2620	0.62-0.60cpm	5.80	1.90-1.84pm	5.93

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 17	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10¾ - 10⅝	10¾ - 10½	10⅝ - 10½	10½ - 10⅜	10⅜ - 10¼	10⅜ - 10¼
US Dollar	N/A	4¼ - 4⅛	4⅜ - 4¼	4⅜ - 4¼	4⅜ - 4¼	4⅝ - 4½
Can. Dollar	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼
Dutch Guilder	9⅞ - 9¾	9⅞ - 9¾	9⅝ - 9½	9⅞ - 9¾	9⅝ - 9½	9⅞ - 9¾
Swiss Franc	7½ - 7¼	7½ - 7¼	7⅝ - 7½	7⅝ - 7½	7½ - 7⅜	7⅜ - 7¼
D-Mark	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
French Franc	10 - 9¾	10 - 9¾	10⅛ - 9⅞	10⅛ - 9⅞	10 - 9¾	9⅞ - 9¾
Italian Lira	12 - 10	12¼ - 11¼	12¼ - 11¾	12¼ - 11¾	12¼ - 11¾	12¼ - 11¾
Belgian Franc	9⅞ - 9⅞	9⅝ - 9½	9⅞ - 9⅝	9⅝ - 9½	9½ - 9⅜	9½ - 9¼
Yen	5⅞ - 5⅝	5⅞ - 5⅝	5⅝ - 5½	5¼ - 5⅛	5⅛ - 5	4⅞ - 4¾
Danish Krone	10 - 9¾	10 - 9¾	10 - 9¾	10¼ - 9¾	10¼ - 9¾	10 - 9¾
Asian $Sing	3⅛ - 2⅞	3¼ - 3	3¼ - 3⅛	3⅜ - 3⅛	3½ - 3¼	3¾ - 3½

Long term Eurodollars: two years 5⅞-5¾ per cent; three years 6⅛-6⅛ per cent; four years 6⅝-6¼ per cent; five years 7¼-7⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.17	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.774	2.880	225.3	9.803	2.595	3.238	2161	2.108	59.25	1.407
$	0.564	1	1.623	127.0	5.526	1.463	1.825	1218	1.188	33.40	0.793
DM	0.347	0.616	1	78.23	3.404	0.901	1.124	750.3	0.732	20.57	0.489
YEN	4.439	7.874	12.78	1000.	43.51	11.52	14.37	9592	9.356	263.0	6.245
F Fr.	1.020	1.810	2.938	229.8	10.	2.647	3.303	2204	2.150	60.44	1.435
S Fr.	0.385	0.684	1.110	86.82	3.778	1	1.248	832.8	0.812	22.83	0.542
N Fl.	0.309	0.548	0.889	69.58	3.027	0.801	1	667.4	0.651	18.30	0.435
Lira	0.463	0.821	1.333	104.3	4.536	1.201	1.498	1000.	0.975	27.42	0.651
C$	0.474	0.842	1.366	106.9	4.650	1.231	1.536	1025	1	28.11	0.667
B Fr.	1.688	2.994	4.861	380.3	16.55	4.380	5.465	3647	3.558	100.	2.375
Ecu	0.711	1.261	2.047	160.1	6.967	1.844	2.301	1536	1.498	42.11	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO Feb.14

PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
107	0.79	2.34	-	0.07	0.26	[illegible]
108	0.16	1.57	-	0.41	0.51	[illegible]
109	-	0.97	-	1.29	0.87	[illegible]
110	-	0.55	-	-	-	[illegible]
111	-	0.28	0.67	-	-	[illegible]
112	-	0.13	-	-	-	[illegible]
113	-	0.05	-	-	-	[illegible]
Open Int.	122,446	56,848	8,313	105,006	48,674	2,976

Estimated volume 9,447 Total Open Interest 344,263

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7740	1.7651	1.7477	1.7239	1.6853

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

UK rates firm

THE BANK of England set out to skim the froth of interest rate speculation yesterday, signalling in its early dealings that there would be no imminent cut.

It traded just a shade under the current 10½ per cent base rate level during the day. However, the market was still gambling on a reduction around the March 10 UK Budget, with players holding on to their paper for more favourable rates.

As a result, the Bank of England injected a mere £431m by midday to stem a forecast £1.3bn shortage.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

Treasury bills, maturing assistance and exchequer transactions accounted for the lion's share of the shortfall.

In the morning, the Bank bought band one and two bank bills at 10⅜ per cent, and £316m in paper for resale to the market on March 9 at 10 7/16 per cent.

The afternoon found players still scrambling for paper, as the Bank again operated in measured tranches of band one and two bank bills at 10⅜ per cent. Afternoon and late help totalled £714m, leaving the market £125m short.

Overnight money was expensive yesterday, trading for the most part at about 11¼ per cent. By the close, it had fallen to 10¾-⅝ per cent – still on the high side, said traders.

"It is an indication that it will be another dour day tomorrow," commented one dealer, who added that most players were not expecting an imminent cut in rates.

He went on to say: "It might be a political manoeuvre, but it is not likely in this climate." Sterling's bottom-ranked position within the European exchange rate mechanism appears to be the principal obstacle to a cut.

Most of the rates at the short end were similarly pessimistic. One week money closed at 10¾-⅝ per cent, while the one month rate was 10⅝-½ per cent. The key three months interbank rate ended at 10⅜-5/16 per cent.

The March short sterling contract took the contrary view, finishing at 89.84. At that level the market is discounting a reduction in rates before the contract falls due on March 16.

In Germany, call rates were steady at 9.55/65 per cent. Traders were anxious that call money could approach the Lombard rate of 9.75 per cent, if the Bundesbank did not provide enough liquidity in this week's round of securities repurchase agreements.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.17) 3 months US dollars		6 months US Dollars	
bid 4 5/16	offer 4 7/16	bid 4 7/16	offer 4 9/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm (Feb.14)

Prime rate	6½	One month	3.73	Three year	5.79
Broker loan rate	6	Two month	3.78	Five year	6.64
Fed.funds	3⅞	Three month	3.90	Seven year	7.00
Fed.funds at intervention	-	Six month	4.05	10-year	7.39
		One year	4.31	30-year	7.91
		Two year	5.27		

Feb.17	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.55-9.65	9.50-9.60	9.50-9.60	9.50-9.60	9.45-9.55	9.75
Paris	9¾-10	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9¾-10	9.60
Zurich	6¾-6⅞	7¼-7½	-	7¼-7½	-	-
Amsterdam	9.50-9.56	9.56-9.64	-	9.52-9.60	-	-
Tokyo	5⅜-5⅝	5⅜-5⅝	-	-	-	-
Milan	12-12¼	12⅛-12⅜	-	12⅛-12⅜	-	-
Brussels	9.43-9.56	9⅜-9⅞	-	9⅜-9⅞	-	-
Dublin	10¼-10½	10⅜-10⅝	10½-10⅝	10⅜-10⅝	10¼-10½	-

LONDON MONEY RATES

Feb 17	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11¼	10¾	10⅝	10⅜	10⅜	10⅜
Interbank Bid	10½	10½	10½	10¼	10¼	10¼
Sterling CDs	-	-	10⅝	10⅜	10⅜	10⅜
Local Authority Deps.	10⅝	10½	10⅝	10⅜	10⅜	10¼
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11	10⅝	-	-	-	-
Company Deposits	-	-	10⅝	10⅜	10¼	10⅜
Finance House Deposits	-	-	10⅝	10⅜	10⅜	10¼
Treasury Bills (Buy)	-	-	10⅜	9⅞	9½	-
Bank Bills (Buy)	-	-	10⅜	9⅞	9⅜	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.10	4.10	4.22	4.62
SDR Linked Dep. Offer	-	-	6½	6½	6⅜	6½
SDR Linked Dep. Bid	-	-	6⅜	6⅜	6⅜	6⅜
ECU Linked Dep. Offer	-	-	10¼	10¼	10¼	10⅛
ECU Linked Dep. Bid	-	-	10⅛	10⅛	10⅛	9⅞

Treasury Bills (sell): one-month 10⅛ per cent; three months 9⅞ per cent; six months 9½ per cent; Bank Bills (sell): one-month 10⅜ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7764 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1992. Agreed rates for period Feb.26, 1992 to March 24, 1992, Scheme I: 11.75 p.c.. Schemes II & III: 12.01 p.c. Reference rate for period Jan 1,1992 to January 31, 1992. Scheme IV&V: 10.713 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from February 1, 1992; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991. Deposits withdrawn for cash 5 per cent.

REPUBLIC OF CYPRUS

The FT proposes to publish this survey on March 23rd 1992.

[illegible]

FT SURVEYS

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

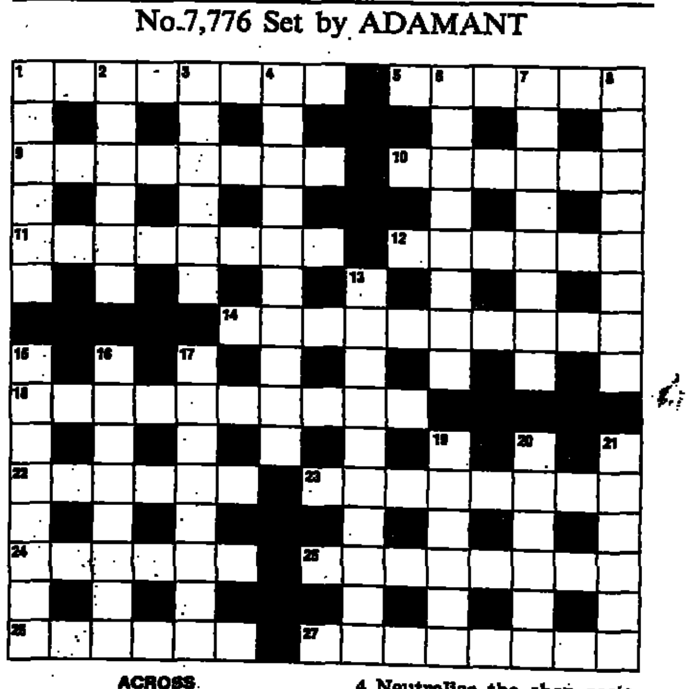
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,776 Set by ADAMANT



ACROSS

1 Sight a possible customer (8)
5 Young journalist embraces her little angel (6)
9 Former clergyman outwardly devout (8)
10 Inexplicable situation developed in game (6)
11 Readiness to show there is little credit in a non-clerical group (8)
12 Shapes crusts (6)
14 Bullied Brown to be at Oriental Centre (10)
18 Get drunk in poisonous brew of tea (10)
22 Tent providing top cover, warm, but not right (6)
23 Showing anger at change of role in fashionable setting (8)
24 One salvo composed for the strings (6)
25 The Scots long for time after university – to study French perhaps? (8)
26 Society in a wobbly state at the end of the day (6)
27 Young tearaway related he was in dismal surroundings (8)

DOWN

1 Tree park in the Arctic (6)
2 There's no come back for those setting off down this street (3-3)
3 Look round South American city convent (6)
4 Neutralise the shop assistant's little game (10)
6 Result of the ninth whisky? (8)
7 Order first two Gurkhas in to give the report (8)
8 Main chant of Vietnamese refugees? (4-4)
13 Turn to original programme on the fairground attraction (10)
15 They deliver the latest issues (8)
16 Profit-seeker on the point of a dilemma – hard stuff! (8)
17 Dig direct from the cave at the centre (8)
19 Work hard on an advertising message (6)
20 Make packing case to hold the first examples (6)
21 Lengthy article on a cement base (6)

Solution to Puzzle No.7,775

WORLD STOCK MARKETS

CANADA

TORONTO

4:00 pm prices February 17

MONTREAL

4:00 pm prices February 17

Total Sales 7,077,100 shares

INDICES

NEW YORK

DOW JONES	Feb 14	Feb 13	Feb 12	Feb 11	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3245.97	3246.65	3276.83	3251.57	3276.83 (12/2)	3172.41 (2/1)	3276.83 (12/2/92)	41.22 (2/7/32)
Home Bonds	99.00	99.06	99.22	99.25	99.81 (6/2)	98.77 (3/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1406.20	1386.21	1405.64	1390.32	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	207.81	208.12	209.94	208.69	225.59 (3/1)	206.25 (7/2)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3271.91 (3296.74) Low 3208.63 (3226.07)

STANDARD AND POOR'S

	Feb 14	Feb 13	Feb 12	Feb 11	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	412.48	413.69	417.13	413.76	420.77 (15/1)	408.78 (31/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	491.00	492.30	496.32	492.03	499.27 (15/1)	485.57 (31/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.09	34.29	34.62	34.21	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	228.16	228.73	230.54	228.94	231.85 (15/1)	226.20 (31/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	414.27	415.27	418.99	415.46	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	636.43*	639.10	644.92	633.37	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Feb 14	Feb 7	Jan 31	year ago (approx.)
Dow Industrial Div. Yield	2.82	2.88	2.87	3.44

	Feb 12	Feb 5	Jan 29	year ago (approx.)
S & P Industrial div. yield	2.54	2.56	2.59	2.91
S & P Indl. P/E ratio	25.61	25.43	25.10	17.89

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Chrysler	6,190,400	16¾	+ 1¼
Ford Motor	5,339,900	36⅞	+ 1⅝
Unisys	5,302,500	10¾	+ 1¼
Gen Motors	4,554,400	38	+ 1⅜
BP	4,291,200	58¼	- 1¼
Navistar	3,027,900	3¾	+ ½
Living C	2,920,000	15⅝	—
Am T & T	2,458,400	38⅝	+ ⅝
Nat. Health	2,325,000	26¼	- ¼
Boeing	2,085,800	46¼	- ½

TRADING ACTIVITY

† Volume (Millions)	Feb 14	Feb 13	Feb 12
New York SE	214.840	229.360	230.230
Amex	16.822	17.308	22.801
NASDAQ	206,288	260.995	253.452
NYSE			
Issues Traded	2,195	2,188	2,184
Rises	791	595	1,085
Falls	904	1,116	633
Unchanged	500	477	466
New Highs	95	112	139
New Lows	17	11	11

CANADA

TORONTO	Feb 17	Feb 14	Feb 13	Feb 12	1992 HIGH	1992 LOW
Metals & Minerals	3147.14	3120.63	3076.13	3068.20	3298.87 (16/1)	2935.22 (2/1)
Composite	3570.80	3573.89	3581.76	3595.83	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1871.68	1872.65	1878.66	1884.08	1937.59 (16/1)	1856.55 (2/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. * Corrected figure.

	Feb 17	Feb 14	Feb 13	Feb 12	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1614.2	1618.9	1622.9	1617.1	1675.60 (15/1)	1590.90 (7/2)
All Mining (1/1/80)	701.3	701.9	700.9	697.3	703.50 (20/1)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	456.17	445.85	439.36	432.09	456.17 (17/2)	372.24 (2/1)
Traded Index (2/1/91)	1094.29	1066.85	1048.26	1033.21	1094.29 (17/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1164.94	1158.37	1166.03	1160.38	1183.78 (28/1)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	351.72	352.65	354.91	356.61	365.29 (15/1)	351.72 (17/2)
FINLAND						
HEX General (28/12/90)	904.9	901.9	895.9	896.7	904.90 (17/2)	779.08 (2/1)
FRANCE						
CAC General (31/12/82)	503.45	504.37	503.17	502.04	508.41 (29/1)	475.53 (2/1)
CAC 40 (31/12/87)	1882.07	1865.11	1876.47	1861.60	1890.60 (28/1)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	685.61	686.71	687.24	684.09	689.15 (6/2)	643.36 (8/1)
Commerzbank (1/12/53)	1940.2	1943.0	1943.8	1934.3	1949.50 (3/2)	1813.80 (8/1)
DAX (30/12/87)	1681.07	1676.48	1681.39	1678.92	1689.01 (3/2)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4719.19	4772.32	4763.50	4732.43	4772.32 (14/2)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1442.54	1441.51	1447.12	1442.83	1469.57 (17/1)	1391.49 (6/1)
ITALY						
Banca Com. Ital. (1972)	533.18	531.21	533.95	538.33	561.59 (6/2)	507.43 (2/1)
MIB General (2/1/87)	1048.0	1048.0	1051.0	1059.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	21324.98	20883.86	21391.02	21541.64	23801.18 (6/1)	20858.30 (21/1)
Tokyo SE (Topix) (4/1/68)	1559.83	1555.31	1586.08	1594.81	1763.43 (6/1)	1555.31 (14/2)
2nd Section (4/1/68)	2376.13	2388.79	2418.04	2428.72	2459.85 (6/1)	2283.71 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	597.78	595.75	594.63	600.75	604.45 (11/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl Rtn Gen (End 1983)	287.9	288.0	288.9	288.4	289.10 (21/1)	274.00 (8/1)
CBS All Shr (End 1983)	202.2	202.2	202.9	202.5	203.00 (21/1)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	685.21	696.30	699.52	697.86	748.03 (17/1)	679.99 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1179.10	1201.75	1219.32	1225.48	1303.30 (17/1)	1172.78 (2/1)
SINGAPORE						
SES All-Singapore (2/4/75)	401.44	404.54	406.60	409.71	416.99 (21/1)	401.19 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1289.04	1309.0	1326.0	1314.0	1327.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4428.04	4461.0	4513.0	4514.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	640.34	658.63	656.49	664.23	691.48 (8/2)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	259.24	258.77	258.75	259.51	259.51 (12/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	940.8	938.9	948.5	953.6	989.20 (20/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	788.5	785.5	789.4	789.2	789.40 (13/2)	748.50 (8/1)
SBC General (1/4/87)	633.0	631.6	635.2	635.6	636.40 (11/2)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4859.48	5023.41	5088.10	5061.60	5391.63 (30/1)	4692.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	816.50	805.78	803.20	801.44	816.50 (17/2)	711.81 (3/1)
WORLD						
M.S. Capital Intl (1/1/70) ($)	515.6*	513.2	518.1	521.7	542.10 (7/1)	513.20 (14/2)
Euro Top-100 (26/6/90)	913.55	908.39	913.54	913.53	923.01 (28/1)	870.31 (2/1)

**Saturday February 15. Taiwan Weighted Price 4692.53 Korea Comp Ex 647.71.
‡ Subject to official recalculation. *Calculated at 15.00 GMT
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX—1,000. JSE Gold—255.7, JSE 26 Industrials—264.3 and Australia All Ordinary and Mining—500. (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks
Monday 17 February 1992

	Stocks Traded	Closing Prices	Change on day
Toyota Motor	4.5m	1,430	+10
Nippon Steel	4.0m	348	+4
NKK	3.4m	325	+4
Sato Kogyo	3.3m	1,310	+20
Nisshin Steel	3.0m	401	-5
Hitachi	2.8m	870	0
Sumitomo Frstry	2.8m	1,680	0
Mitsubishi Heavy	2.5m	637	+10
Penta-Ocean	2.4m	917	-7
Clarion	2.2m	1,070	-10

FINANCIAL TIMES Tuesday February 18 1992

EUROPE

Perrier loses some sparkle as equities rise in Paris

SENIOR bourses saw thin trading in the absence of Wall Street, *writes Our Markets Staff*.

PARIS closed near the day's highs but volume was thin with just FFr1.6bn worth of shares traded. The CAC 40 index ended up 16.96 at 1,882.07.

Peugeot was the day's most active share, rising FFr17 to FFr705 and accounting for about 10 per cent of total turnover. But dealers could find no reason for the rise.

Perrier was in the limelight, falling FFr45 or 2.86 per cent to FFr1,530 with 48,855 shares traded, as news that the French government had approved the FFr1,475-a-share bid from Nestlé and Indosuez dampened hopes of a rival bid. Several brokers are also advising investors to take profits in view of the stock's recent run.

However, Exor, the main shareholder in Perrier, jumped FFr53 or 3.7 per cent to FFr1,486 in unusually heavy volume of 23,580 shares on rumoured buying by Suez in order to help the Nestlé-Indosuez camp.

Crédit Local de France was another gainer, adding FFr5.20 to FFr229.70 with a heavy 258,630 shares traded. The stock has made a steady recovery from its unsuccessful flotation in December last year.

FRANKFURT remained subdued, the DAX index closing 4.59 higher at 1,681.07 after a 1.10 decline to 685.61 in the FAZ at midsession. Volume was unchanged at DM4.4bn.

Among blue chips there was support for Siemens, up DM4.70 to DM668, and for Volkswagen which reported that its January global car and van sales were up 2.3 per cent to a record high. VW shares rose DM2.50 to DM338.30.

Construction stocks were mostly weaker in spite of an industry association forecast of 15 per cent growth in construction volume in east Germany this year, against 2 per cent in the west. Hochtief fell DM18 to DM1,162 but observers said that the setback was technical, with dealers getting out of the sector after a period of relative strength.

Second-liners saw Ava up DM61 to DM751 on new rumours of buying by Asko, which confirmed last week that it held an Ava majority. Asko rose DM13 to DM747 following an appreciative note from County NatWest.

MILAN opened the March trading account on a sour note, failing to rise by the 1 per cent expected at the start of a new account. Dealers said that political uncertainty and fears of a shortfall in financing the public debt this year weighed on the market. The Comit index rose just 1.97 to 533.18 in turnover estimated at L100bn after Friday's L132.2bn.

Pirelli, which launched a L520bn capital increase yesterday, rose L6 to L1,116 at the fixing as operators covered their short positions but the stock then fell back to L1,080 after hours. Pirelli rights were settled at L37 but then fell to L27 after hours. Dealers said Pirelli's rights issue was not going well but that this should not affect the market as a whole because take-up of the new shares, priced at L1,000 each, was guaranteed by the underwriting consortium led by Mediobanca.

AMSTERDAM drifted, the CBS Tendency index gaining 0.2 to 122.0. Philips shed Fl 0.70 to Fl 32.70, partly on rumours, later denied by the company, that it was considering a rights issue. There is also uncertainty ahead of Thursday's 1991 group figures, with some analysts forecasting a dividend of 50 cents against the last payment of Fl 2.00 in 1989.

Fokker moved ahead Fl 1.30 to Fl 30.50 after Friday's announcement that it had won an order to supply a Chinese airline with seven aircraft.

MADRID was steady, the general index ending up 0.47 at 259.24 with volume estimated at Pta10bn (Pta12bn). Electricals recorded the most activity.

STOCKHOLM recovered from morning losses of over 1 per cent to close with the Affärsvarlden General index 1.9 higher at 940.8, but dealers noted that volume was low and sentiment cautious.

Astra B shares closed SKr3 higher at SKr578 ahead of Thursday's results but Volvo B shares fell SKr5 to SKr370 after the company said that the proposed merger with Procordia might still be able to go ahead.

HELSINKI recorded its highest level for five months. The HEX Index closed up 3.1 to 905.0 in turnover of FM33.3m, against FM20.2m on Friday.

OSLO fell on news of weaker prices for North Sea oil following the Opec ministers meeting in Geneva. The all-share index lost 5.40 to 421.51 in turnover of NKr180m. Hafslund Nycomed, the pharmaceuticals group, shed NKr8 to NKr255 after reports in a medical journal questioned the benefits of one of its products.

VIENNA continued its upswing in high turnover. The 18-share ATX index rose 27.44 to 1,094.29, its highest since mid-September last year.

FT-SE Eurotrack 100 - Feb 17

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1132.21	1132.68	1132.52	1132.96	1133.46	1134.81	1134.87	1135.65

Day's High 1135.65 Day's Low 1132.21

Feb 14	Feb 13	Feb 12	Feb 11	Feb 10
1130.78	1136.68	1136.12	1137.74	1137.68

Base value 1000 (26/10/90).

WALL STREET was closed for President's Day.

Toronto finished slightly softer, the US holiday having kept trading light. The TSE 300 eased 3.1 to 3,570.8. Declines led advances by 275 to 236 after a volume of 15.3m shares valued at C$149.9m. Cascades, down C$¾ at C$7, reported lower operating income in the fourth quarter.

SOUTH AFRICA

GOLD shares bounced off early lows but trading was generally quiet. The all-gold index ended down 20 at 1,289 but above an early drop to 1,272. The industrial index fell 33 to 4,428 while the overall share index finished at 3,631, down 42.

Irish stocks unruffled by political upheaval

Tim Coone explains the calm and composure in Dublin's stockbroking community

In recent months, the dealing rooms of Dublin's stockbroking community have been a refuge of calm and composure from the frenzy and commotion in the meeting rooms and corridors of the Irish parliament.

The political upheaval, which brought the country to the brink of a general election and culminated last week in the abrupt termination of the 38-year political career of prime minister Mr Charles Haughey, barely caused a ripple on the Dublin stock exchange. As one broker remarked: "These issues loom larger in the media than they do in the minds of professional investors."

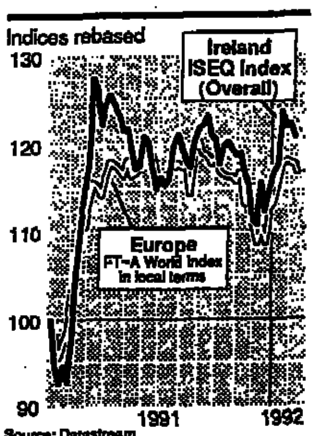
Events such as a shift in German interest rates, or a downturn in retail sales in the UK or US, are more likely to make an impact on Irish business prospects than party squabbles in the Dail.

After nearly 10 months of flat performance and thin trading, the Dublin market finally staged a rally in mid-January. With some minor erosion since then, this has left the ISEQ general index at 1,442.54 yesterday, up 4.5 per cent since last December 31, marginally ahead of the FT-Actuaries Europe index.

This was triggered by an upturn in New York, according to Davy Stockbrokers, one of the "big four" Dublin houses. "Most of the Irish industrials depend upon the outside world for momentum in their earnings," says a Davy analyst.

Around 60 per cent of the earnings of quoted Irish industrial groups are derived from overseas sales. Jefferson Smurfit, an Irish blue chip stock, which accounts for 17.5 per cent of the Dublin stock market's I£8.4bn ($5.3bn) market capitalisation, has climbed 17 per cent this year on the heels of the New York rally. Almost 90 per cent of its sales are overseas.

The question being asked now is whether the market is following the pattern of 1991, which saw a 40 per cent surge in the first quarter, and lethargy for the rest of the year. By December, some brokers were complaining that they were not even meeting their overheads.



Source: Datastream

Overall, however, the market grew by some 20 per cent in 1991, making it one of the better-performing markets in Europe, and most of the Dublin broking firms are predicting a similar outturn in 1992.

Davy expects between 15 and 20 per cent growth and National City Brokers is forecasting 20 per cent. Solomon's, a subsidiary of Anglo-Irish Bank, noted that 1,600 for the ISEQ index by the year-end would represent 16 per cent growth over 1991, but would still leave the Irish market off its all-time high, which it reached in 1990.

Mr Brian O'Loughlan, a fund manager at Irish Life, Ireland's biggest life assurance company and a major institutional investor, sees a foundation for all this. "Earnings [on Irish stocks] could well be 12 to 13 per cent up this year," he says. "Valuations on the Irish market are quite attractive relative to the US and the UK, so there is room for rerating. That kind of [market] growth is achievable."

While Smurfit, in p/e terms, trades at a substantial discount to US paper stocks, another Irish blue chip, CRH, is seen as cheap against its UK counterparts. Irish food shares are similarly seen to have a good risk-reward balance. There is an expectation, therefore, that even if the US and UK markets flatten out, Dublin can make up the ground it lost in 1991. "There would be money to come in and buy cheap stocks here," says one analyst.

Meanwhile, there is excitement for the market in the anticipated flotation of Guinness Peat Aviation (GPA), the world's largest aircraft leasing company. Investors are still waiting for a firm date for the flotation, planned for London, Tokyo, New York and Dublin, which could value GPA at between $3bn and $4bn.

Mr O'Loughlan says that Irish institutional investors who do not already hold a significant stake in the Shannon-based aircraft leasing company will want to build one for strategic reasons: "The benchmark set by those who already have a stake is about 7 to 8 per cent of their portfolios. The demand for GPA shares in the Irish market would be around I£75m to I£100m."

ASIA PACIFIC

Nikkei gains 2.1% on official support for yen

Tokyo

THE YEN'S sharp upturn against the dollar following the Bank of Japan's intervention on the foreign exchanges encouraged dealers to buy shares, and the Nikkei average gained 2.1 per cent on the day, *writes Emiko Terazono in Tokyo*.

The 225-issue Nikkei closed 441.12 up at 21,324.98, recovering the important 21,000 level. Arbitrage-related selling sent the index to the day's low of 20,574.01 in the morning. However, afternoon reports of the central bank's intervention to support the yen prompted a rise in bond prices, and the Nikkei rose to the day's high of 21,325.68.

Activity was limited to dealers, and volume remained low at 200m shares after Friday's 180m. Overall declines still led rises by 480 to 416, with 223 issues unchanged at the close. The Topix index of all first section stocks rose 4.52 to 1,559.83, but in London the ISE/Nikkei 50 index eased 2.46 to 1,199.25.

The Bank of Japan sold an estimated US$500m against the yen. The dollar, which traded around Y128 in the morning, closed at Y126.93, down Y1.02 from last Friday.

Traders interpreted the Bank of Japan's move as an attempt to curb Japan's exports, thus reducing the country's trade surplus. "But the most effective way is to cut interest rates," said Mr Chris Turner at Barclays de Zoete Wedd.

The bond and stock markets rose, as market participants saw a higher yen limiting inflation and leading to lower interest rates.

High-technology issues rebounded from a bout of morning weakness following Japanese brokers' downward revisions of their earnings forecasts for the sector in the current year. Toshiba closed Y7 higher at Y628 and NEC added Y10 at Y1,110.

Interest rate-sensitive large-capital issues firmed. Nippon Steel improved Y4 to Y348 and Mitsubishi Heavy Industries finished Y10 ahead at Y637.

Banks lost ground on corporate selling, locking in profits ahead of the March book closing. Industrial Bank of Japan fell Y70 to Y2,830 and Sumitomo Bank Y60 to Y1,730.

Daito Trust Construction was the best performer of the day, climbing Y730 or 9.2 per cent to Y8,600. Investors who had sold the stock on earnings-related rumours rushed to buy back the shares after the company announced a stock split last Friday.

In Osaka, the OSE average lost 69.13 to 22,642.52 in volume of 56.1m shares. The index fell for the sixth consecutive day as constructions lost ground.

Roundup

ACTIVITY on the Pacific Rim reflected the closure of Wall Street last night, and share prices were not impressed by Tokyo's gains.

TAIWAN plunged on reports that the central bank had suspended applications from foreign fund companies for investment into the local stock market. The weighted index tumbled 166.95 or 3.3 per cent to 4,856.48, following a small gain of 3.02 points on Saturday. Turnover increased to T$32.26bn from T$21.98bn.

Mr Samuel Shieh, the central bank governor, was quoted as saying that the suspension was aimed at relieving upward pressure on the local currency against the US dollar.

HONG KONG fell as profit-takers moved in after last week's gains. The Hang Seng index receded 53.13 to 4,719.19, after setting records during five of the preceding seven sessions. Turnover shrank to HK$1.7bn from HK$2.3bn.

The property sector was dampened by a government report showing that the vacancy rate of local residential flats rose last year. Cheung Kong lost 30 cents to HK$21.10 and Hongkong Land slipped 20 cents to HK$10.30.

AUSTRALIA had its second quietest day this year, turnover dropping to A$121m, its lowest since January 3. In spite of a firmer banking sector, the All Ordinaries index closed 1.8 off at 1,614.2.

MANILA's composite index slid below 1,200, ending 22.55 weaker at 1,179.10. Turnover fell from 138m pesos to 110.8m. The government's 5.5bn-peso offering of 21 per cent of Philippine National Bank, scheduled for March 15, is viewed as a threat to the market.

SEOUL also had its liquidity worries as the composite index dipped 7.57 to 640.14, turnover contracting to Won222bn, compared with levels of well over Won300bn last week.

KUALA LUMPUR recovered from early weakness to end slightly higher in light trading. The composite index gained a net 2.03 at 597.78 in turnover of M$132m, after M$139m.

Buying interest continued in gaming stocks, and the leader issue Tanjong rose 25 cents to M$8.70 with 1.4m shares traded. SINGAPORE lost ground and the Straits Times Industrial index ended 8.40 lower at 1,494.81 in turnover of S$86.44m, after S$115.3m.

Election defeat, scandal weigh on Tokyo

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1992
Austria	+4.91	+11.25	-0.35	+18.24	+17.07	+10.65
Belgium	-0.64	-1.82	+4.90	+2.71	+1.21	-4.33
Denmark	-2.71	-3.14	+9.17	+0.77	-0.19	-5.66
Finland	+1.42	+1.33	+0.41	+20.38	+18.72	+12.20
France	+0.12	+0.44	+13.63	+5.63	+4.69	-1.05
Germany	-0.09	+1.14	+8.01	+7.53	+5.97	+0.16
Ireland	+0.01	-2.66	+13.11	+5.11	+4.36	-1.36
Italy	-3.52	-3.35	-2.37	+5.86	+5.24	-0.52
Netherlands	+0.31	-0.07	+16.33	+5.63	+4.28	-1.43
Norway	-2.12	-9.57	-11.67	+2.92	+1.72	-3.86
Spain	+0.97	+1.79	+6.22	+5.46	+5.87	+0.08
Sweden	-2.36	-3.69	+5.71	+3.59	+2.73	-2.89
Switzerland	-0.19	+1.09	+15.94	+6.48	+4.00	-1.69
UK	-0.19	-0.98	+9.01	+1.21	+1.21	-4.34
EUROPE	-0.30	-0.38	+9.10	+3.96	+3.27	-2.38
Australia	+1.73	-3.97	+16.56	-3.08	+1.80	-3.78
Hong Kong	+1.39	+7.78	+41.81	+12.17	+18.04	+12.52
Japan	-4.47	-3.16	-17.91	-9.86	-6.84	-11.93
Malaysia	+1.67	+5.11	+5.41	+7.69	+19.23	+12.69
New Zealand	-0.50	-3.70	+0.66	-4.22	+1.53	-4.02
Singapore	-2.27	-3.30	+13.77	+0.65	+5.40	-0.37
Canada	-0.15	-1.64	+0.87	+2.21	+5.40	-0.37
USA	+0.27	-1.41	+14.13	-0.90	+4.84	-0.90
Mexico	+5.05	+8.46	+181.33	+18.30	+24.28	+17.47
South Africa	+0.30	-0.65	+37.14	+7.10	-1.82	-7.20
WORLD INDEX	-1.21	-1.51	+2.44	-2.08	+1.08	-4.46

† Based on February 14th 1992.

By John Pitt

EUROPE, Asia and America all produced eye-catching performances among global equity markets last week, but the accent was on the downside and the World Index ended 1.2 per cent lower in local currency terms.

Tokyo combined a by-election defeat for the ruling Liberal Democratic Party, allegations of a bribery scandal, a decline in futures prices and lack of interest in a proposal by the big four brokers to revive the market. All this brought the Nikkei index below 21,000 for the first time since January 21.

Elsewhere on the Pacific Rim, Singapore continued its recent downtrend with investors taking profits and turning to the more buoyant Malaysia – although Kuala Lumpur's strong rally was seen to be running out of energy later in the week, again as profit-takers moved in.

Mexico performed well, as in North America the US ran into rising bond yields and reduced hopes of a cut in interest rates, after recording a mid-week high.

Latin American Securities, London based investment managers, report that Mexico's good start to the year is continuing with foreign investors attracted by expectations of positive fourth-quarter results. The economic outlook is encouraging, and the privatisation programme is expected to be concluded this year.

In Europe, Austria continued to outperform, foreign investors remaining dominant. Mr Martin Gollner, Austrian analyst at Baring Securities, notes that buying is now more broadly based.

Radex, Beitscher and Treibacher, companies which produce materials for steel companies, showed strong gains on the week of between 7 per cent and 14 per cent.

Political turbulence in neighbouring Yugoslavia and eastern Europe now seems to have been discounted, he adds, and it would take something catastrophic to upset the market. Nevertheless, weak performances in Italy, Sweden and Denmark left Europe slightly down on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY FEBRUARY 17 1992								FRIDAY FEBRUARY 14 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	144.57	−0.4	120.82	116.01	121.99	127.55	−0.3	4.33	145.15	121.68	117.35	122.89	127.97	160.31	112.74	133.13
Austria (20)	186.70	+1.3	158.03	149.82	157.54	157.33	+1.4	1.83	184.27	154.48	148.98	158.02	155.14	222.37	153.86	216.80
Belgium (46)	139.21	+0.8	116.34	111.70	117.46	114.66	+0.4	5.13	138.09	115.76	111.63	116.91	114.25	151.20	118.04	148.82
Canada (115)	135.51	−0.2	113.25	108.74	114.34	116.57	−0.1	3.16	135.79	113.83	109.77	114.96	116.66	144.28	126.49	140.38
Denmark (36)	252.56	+0.2	211.07	202.68	213.11	215.81	−0.2	1.66	252.03	211.29	203.77	213.39	216.30	273.94	217.74	267.09
Finland (15)	87.55	+0.0	73.17	70.26	73.87	81.37	−0.2	2.44	87.54	73.39	70.78	74.12	81.51	125.15	73.32	111.83
France (106)	150.09	+0.8	125.43	120.43	126.63	130.07	+0.7	3.42	148.86	124.80	120.34	126.02	129.19	154.70	119.11	146.75
Germany (65)	117.62	+0.1	98.30	94.40	99.25	99.25	−0.3	2.33	117.52	98.52	95.03	99.50	99.50	125.35	94.15	123.44
Hong Kong (55)	196.17	−1.1	163.94	157.41	165.53	195.28	−1.2	3.88	198.44	166.36	160.43	168.02	197.56	198.44	119.62	141.74
Ireland (18)	166.07	+0.3	138.79	133.27	140.13	142.16	+0.0	3.59	165.53	138.77	133.83	140.15	142.22	182.46	132.88	166.03
Italy (77)	75.53	+0.7	63.12	60.60	63.73	68.70	+0.4	3.37	75.00	62.87	60.63	63.49	68.46	88.23	64.76	88.19
Japan (473)	120.95	+1.1	101.06	97.06	102.07	97.06	+0.4	0.88	119.61	100.27	96.70	101.28	96.70	146.97	118.23	146.97
Malaysia (68)	241.76	+0.2	202.05	194.00	203.99	241.58	−0.1	2.72	241.37	202.35	195.14	204.35	241.70	247.78	189.18	228.33
Mexico (18)	1648.24	+0.9	1377.49	1322.66	1390.77	5518.92	+0.9	0.95	1634.26	1370.05	1321.28	1383.65	5472.11	1648.32	534.45	598.17
Netherland (31)	150.91	+0.3	126.12	121.10	127.34	126.73	−0.1	4.30	150.49	126.16	121.67	127.42	125.80	156.48	125.70	144.27
New Zealand (14)	45.35	+0.6	37.90	36.39	38.26	44.50	+0.6	6.17	45.09	37.80	36.46	38.18	44.22	54.64	41.18	51.38
Norway (24)	170.21	−1.0	142.25	136.59	143.62	146.93	−1.4	1.80	171.89	144.10	138.97	145.54	148.97	223.24	157.06	210.59
Singapore (38)	217.59	−0.6	181.85	174.61	183.60	163.95	−0.7	2.13	218.87	183.48	176.95	185.30	165.06	228.43	151.63	191.62
South Africa (61)	230.30	−0.3	192.47	184.80	194.32	183.39	−1.0	2.72	230.98	193.64	186.74	195.56	185.28	271.99	173.00	195.91
Spain (52)	156.90	+0.2	131.13	125.91	132.39	121.01	+0.1	4.58	156.53	131.22	126.55	132.53	120.84	171.12	131.51	166.26
Sweden (25)	176.76	+0.5	147.72	141.85	149.15	154.06	+0.1	2.90	175.90	147.46	142.21	148.93	153.96	204.12	146.80	183.95
Switzerland (59)	99.32	+0.7	83.01	79.71	83.82	90.08	+0.4	2.22	98.67	82.71	79.77	83.55	89.77	104.22	82.17	100.67
United Kingdom (233)	179.68	+1.3	150.17	144.18	151.60	150.17	+1.0	4.95	177.29	148.63	143.32	150.09	148.63	187.44	156.27	182.40
USA (523)	168.35	+0.0	140.70	135.11	142.06	168.35	+0.0	2.90	168.35	141.14	136.12	142.54	168.35	171.66	125.95	149.35
Europe (809)	145.37	+0.8	121.49	116.66	122.67	122.77	+0.5	3.92	144.17	120.86	116.56	122.07	122.11	151.52	125.50	149.28
Nordic (100)	176.84	+0.2	147.79	141.91	149.22	147.27	−0.2	2.19	176.52	147.98	142.71	149.45	147.62	200.81	155.55	189.75
Pacific Basin (717)	124.06	+0.9	103.70	99.56	104.70	100.80	+0.3	1.22	122.94	103.07	99.40	104.09	100.53	145.92	117.86	145.92
Euro - Pacific (1526)	132.88	+0.9	111.05	106.62	112.11	110.25	+0.4	2.40	131.71	110.42	106.48	111.51	109.83	147.66	121.29	147.66
North America (638)	166.27	+0.0	138.95	133.44	140.32	164.83	+0.0	2.91	166.28	139.40	134.45	140.81	164.84	169.69	125.91	148.71
Europe Ex. UK (576)	124.55	+0.5	104.09	99.97	105.12	106.84	+0.2	3.19	123.98	103.93	100.25	104.99	106.64	129.80	103.58	128.93
Pacific Ex. Japan (244)	155.02	−0.6	129.56	124.42	130.82	138.70	−0.6	3.85	155.92	130.72	126.08	132.03	139.51	155.92	111.40	132.77
World Ex. US (1720)	135.00	+0.8	112.82	108.34	113.91	112.55	+0.3	2.42	133.89	112.24	108.25	113.36	112.16	148.16	122.32	148.16
World Ex. UK (2010)	141.95	+0.4	118.63	113.92	119.79	127.67	+0.1	2.33	141.38	118.52	114.31	119.71	127.53	150.58	120.06	143.99
World Ex. So. Af. (2182)	144.70	+0.5	120.93	116.13	122.10	129.32	+0.2	2.60	143.96	120.69	116.40	121.90	129.02	153.05	122.82	147.10
World Ex. Japan (1770)	159.42	+0.3	133.23	127.94	134.54	148.49	+0.1	3.29	159.01	133.31	128.57	134.65	148.27	161.90	126.69	149.06
The World Index (2243)	145.23	+0.5	121.38	116.55	122.58	129.80	+0.2	2.60	144.51	121.15	116.84	122.36	129.53	153.70	123.28	147.40

FT LAW REPORTS

Shipowner cannot claim for repairs

THE BIJELA
Queen's Bench Division
(Commercial Court):
Mr Justice Hobhouse:
February 7 1992

GENERAL AVERAGE is not admitted under the York-Antwerp Rules 1974 in respect of temporary repairs for accidental damage carried out in a port of refuge in substitution for permanent repairs which can only be carried out elsewhere, if the cost of permanent repairs would have constituted particular average expenses for which the shipowners alone would be liable, in that they were unnecessary for safe prosecution of the voyage.

Mr Justice Hobhouse so held when giving judgment for the defendant cargo-owners and their guaranteeing banks, Oswal Steel and others, on a claim by shipowners, Marida Ltd and others, for general average in respect of temporary repairs to the Bijela.

HIS LORDSHIP said that by a Gencon charterparty, and bills of lading dated November 14 1985, general average was to be settled in London "according to York-Antwerp Rules 1974".

The vessel was the Bijela. Her cargo was 25,197 tonnes of shredded scrap loaded at Providence in Rhode Island for carriage to Kandla in India.

Shortly after leaving Providence, the vessel grounded and damaged her bottom plating.

She put into Jamestown. Temporary repairs were completed by January 26 1986 and she set sail on February 3 1986. She arrived at Kandla on March 8 and, having completed discharge, proceeded to Singapore where permanent repairs were carried out.

General average was declared. The initial adjustment allowed various expenses incurred at Jamestown, but not in respect of the temporary repairs themselves.

The shipowners were dissatisfied and instructed other adjusters. They published a further adjustment which did make such an allowance.

There was no dispute about the facts.

The casualty was an accident which occurred without the shipowners' actionable fault. Jamestown was a port of refuge, and the repairs carried out there were temporary repairs of accidental damage effected to enable the adventure to be completed.

The damage had not been caused by general average sacrifice, not were the repairs having to be effected for the common safety. There was no problem of damage to cargo nor risk of damage from any discharging or reloading that might prove necessary.

In her damaged condition the vessel could not safely leave Jamestown without discharging part of her cargo. Unless repairs were done by using divers, as in fact occurred, the vessel would need to be put into dry-dock.

If she were dry-docked all the cargo would have to be removed first. The nearest dry-docks which could carry out the repairs were New York or Boston, New York being the more suitable.

The actual cost of the repairs was $282,606. If permanent repairs had been done at New York, costs would have amounted to $535,000.

The shipowners contended that they were entitled to recover the appropriate proportion of the sum incurred in carrying out the temporary repairs at Jamestown as a substituted expense under the York-Antwerp Rules 1974.

Rule F of those Rules provided that any extra expense incurred in place of another expense "which would have been allowable as general average" was deemed to be general average.

Rule X (a) provided that, where a ship entered a place of refuge in consequence of an accident "which rendered that necessary for the common safety", the expenses of entering the place should be admitted as general average. The second paragraph provided that when a ship was at a place of refuge and was "necessarily removed" to another place because repairs could not be carried out in the first place, the costs of removal "including temporary repairs" should be admitted as general average.

The second paragraph of rule XIV provided that, where temporary repairs of accidental damage were effected "to enable the adventure to be completed", the cost of such repairs shall be admitted as general average "but only up to the saving in expense which would have been incurred and allowed in general average if such repairs had not been effected there".

The shipowners relied on the second paragraph of rule XIV. The issue was whether the expenses in carrying out permanent repairs would have been "allowable as general average".

The shipowners said they would have been allowable, under rule X.

The cargo-owners disputed that. They said that, had the vessel discharged and proceeded to New York for permanent repairs, none of the expenses incurred would have been allowable in general average because the alternative of carrying out temporary repairs to enable the adventure to be completed, or for safe prosecution of the voyage, could be carried out at Jamestown.

Where the need to carry out temporary repairs arose, not from general average sacrifice or considerations of common safety, but from a particular average accident, the expense did not as such qualify as general average expenditure (Rule A).

The cost of performing the voyage and carrying the cargo to destination was an expense borne by shipowners alone, even if increased by the occurrence of some accident. That was one of the risks a carrier accepted when he entered into the contract of carriage.

In the present case, the vessel and its cargo having arrived at port of refuge and being no longer in peril, it was the shipowners' duty to carry out, without unreasonable delay, such repairs as were necessary to carry the cargo to its contractual destination, and to bear the expense of those repairs.

The *prima facie* position was that the expenses of repair were particular average expenses incurred by the shipowners in the course of fulfilling their contractual obligations under the contracts of carriage.

The existence of that obligation was not decisive. Many types of general average expenditure were incurred in fulfilment of the master's duties to the interests involved in the common adventure, including cargo-owners. The function of general average was to provide a superimposed scheme for sharing the burden of that expenditure in an equitable fashion.

But here one was not involved with a general average act and one had to consider application of the principle in rule F as formulated for the particular situation in the second paragraph of rule XIV.

The numbered rule had to be construed taking into account the general principles of the York-Antwerp Rules as stated in the lettered rules. If there was any inconsistency, the wording of the numbered rule prevailed. In the present case there was no inconsistency.

The flaw in the shipowners' case was that it disregarded the principle on which substituted expenditure was allowed.

Substituted expenditure was not of itself allowable in general average. It only became allowable because it was incurred in substitution for some other expenditure which would have been allowable.

Therefore the claim must depend on demonstration that there was some other expenditure which, if incurred, would have been allowable as general average expenditure.

That the shipowners could not do.

The rule they would have to rely on was rule X and they immediately encountered two insuperable difficulties.

First, they could not show that repairs in dry-dock were necessary for safe prosecution of the voyage. All that was necessary for that purpose were the temporary repairs at Jamestown.

Second, to bring themselves within rule X the shipowners needed to meet the criterion that the ship was "necessarily removed" from one place of refuge to another, because repairs could not be carried out in the first place.

There was no necessity for Bijela to be removed. All necessary repairs could be carried out at Jamestown.

The shipowners could not demonstrate that the alternative course of carrying out permanent repairs in dry-dock in New York would have given rise to any expenditure recoverable under rule X.

If they had taken that course, all the resultant expenditure would have been treated as particular average expenditure and would have been borne by them alone. A substitution for a particular average expense would be a particular average expense.

The shipowners' claim failed. The initial adjustment was confirmed.

For the shipowners: Anthony Clarke QC and Simon Gault (Lloyd & Co).

For the cargo-owners: Anthony Hallgarten QC and Steven Berry (Ince & Co).

Rachel Davies
Barrister